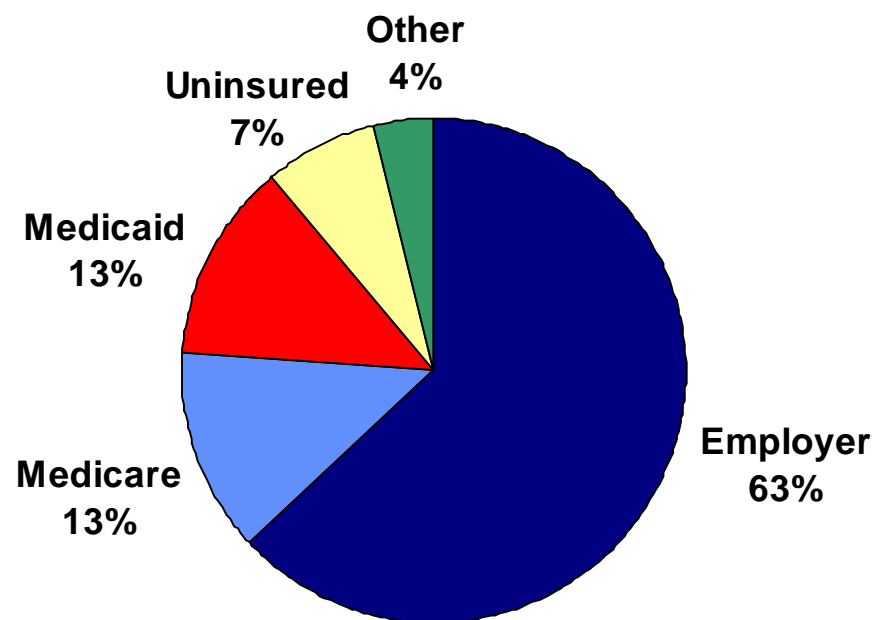


Massachusetts Employer Health Insurance Survey

- Administered in 2001, 2003, 2005
- Statewide mail survey of 1,500 Massachusetts establishments, stratified by number of employees
- Employers surveyed are private (non-public) establishments of two or more employees
- Response rate to the survey in:
 - 2001 was 55%
 - 2003 was 60%
 - 2005 was 63%

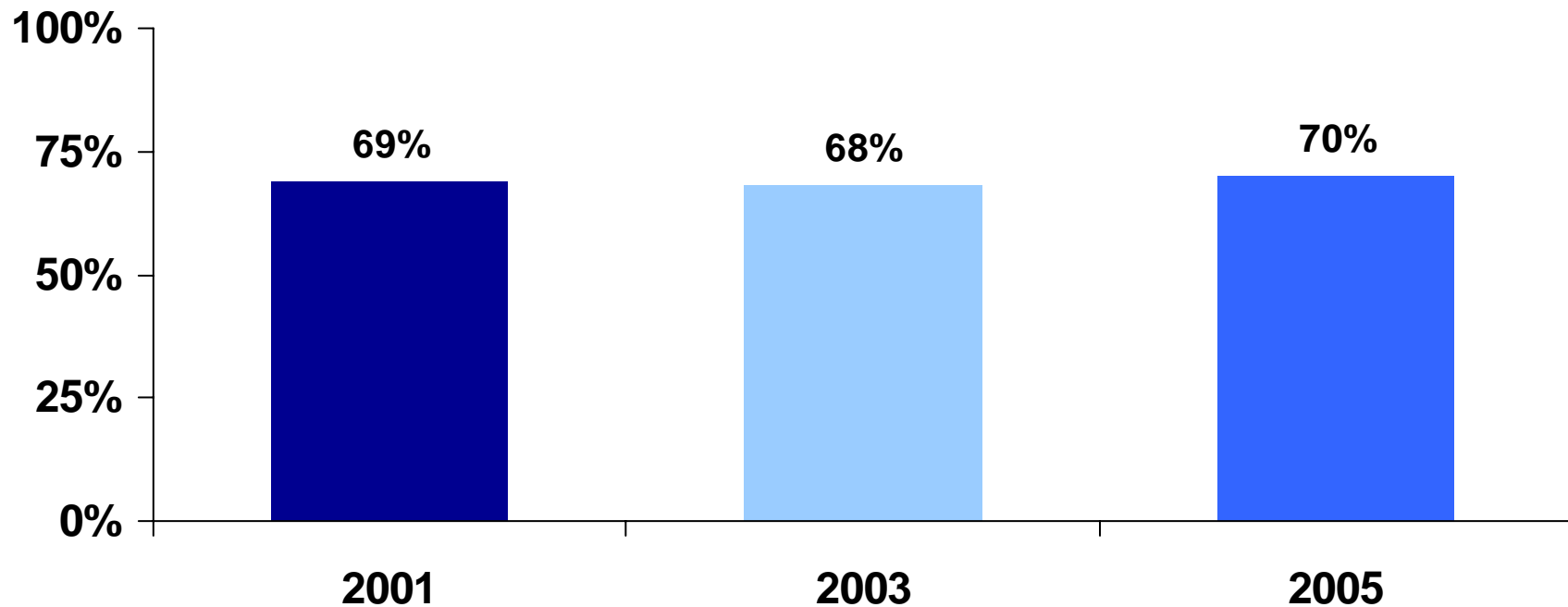
For full text of survey questions, see www.mass.gov/dhcfp/employersurvey

Source of Health Insurance Coverage of Massachusetts Residents (2004)*



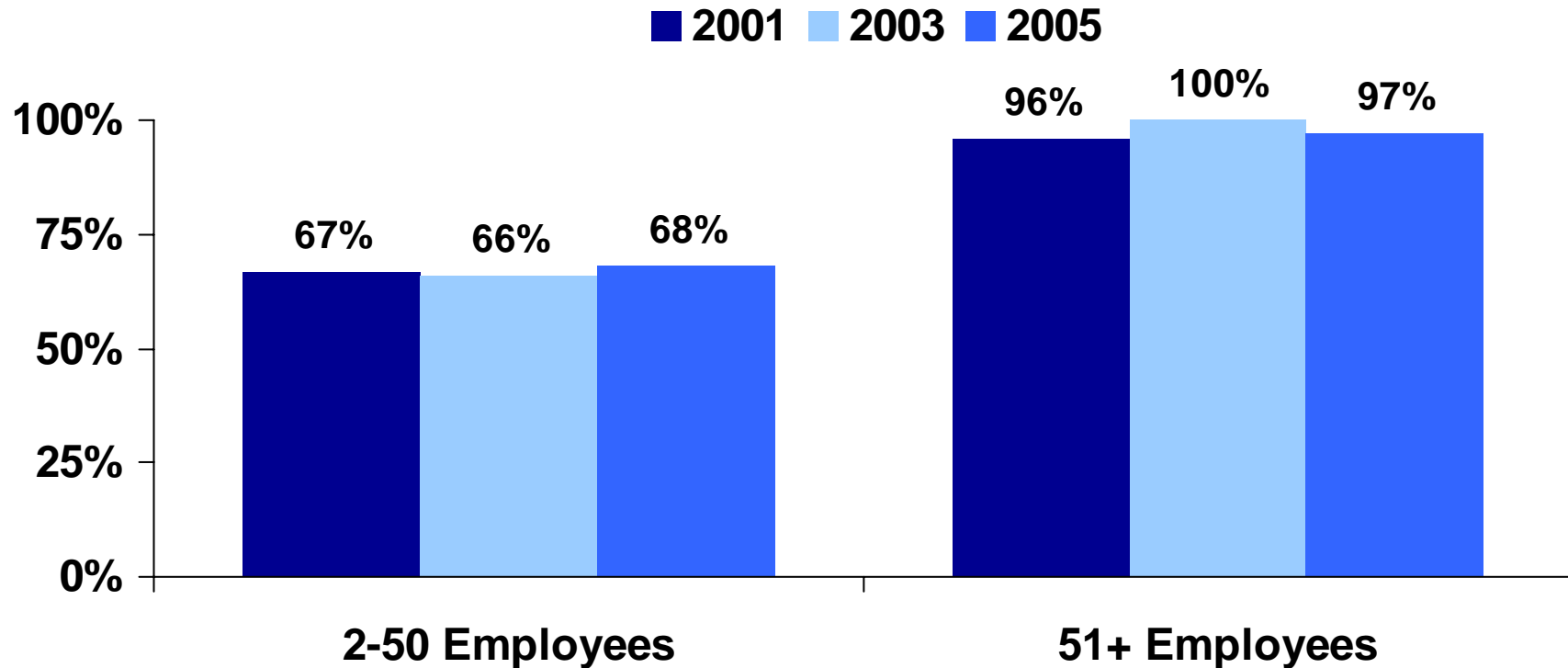
* See page 59 for sources.

Employers That Offer Health Insurance to Employees (2001, 2003, 2005)



- The change in offer rate is not statistically significant.

Employers That Offer Health Insurance to Employees, by Employer Size (2001, 2003, 2005)

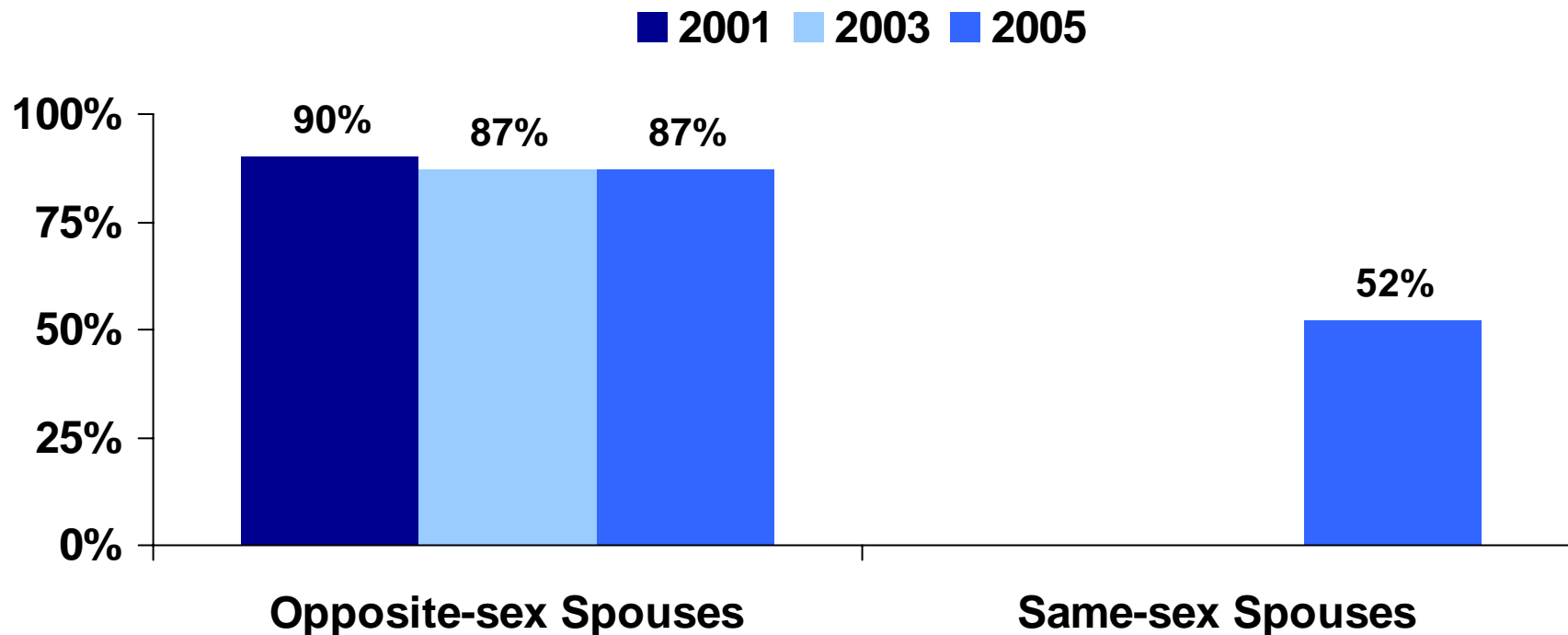


- The change in offer rate is not statistically significant within each size category.

Employers That Offer Health Insurance to Employees, by Employer Size Detail (2001, 2003, 2005)

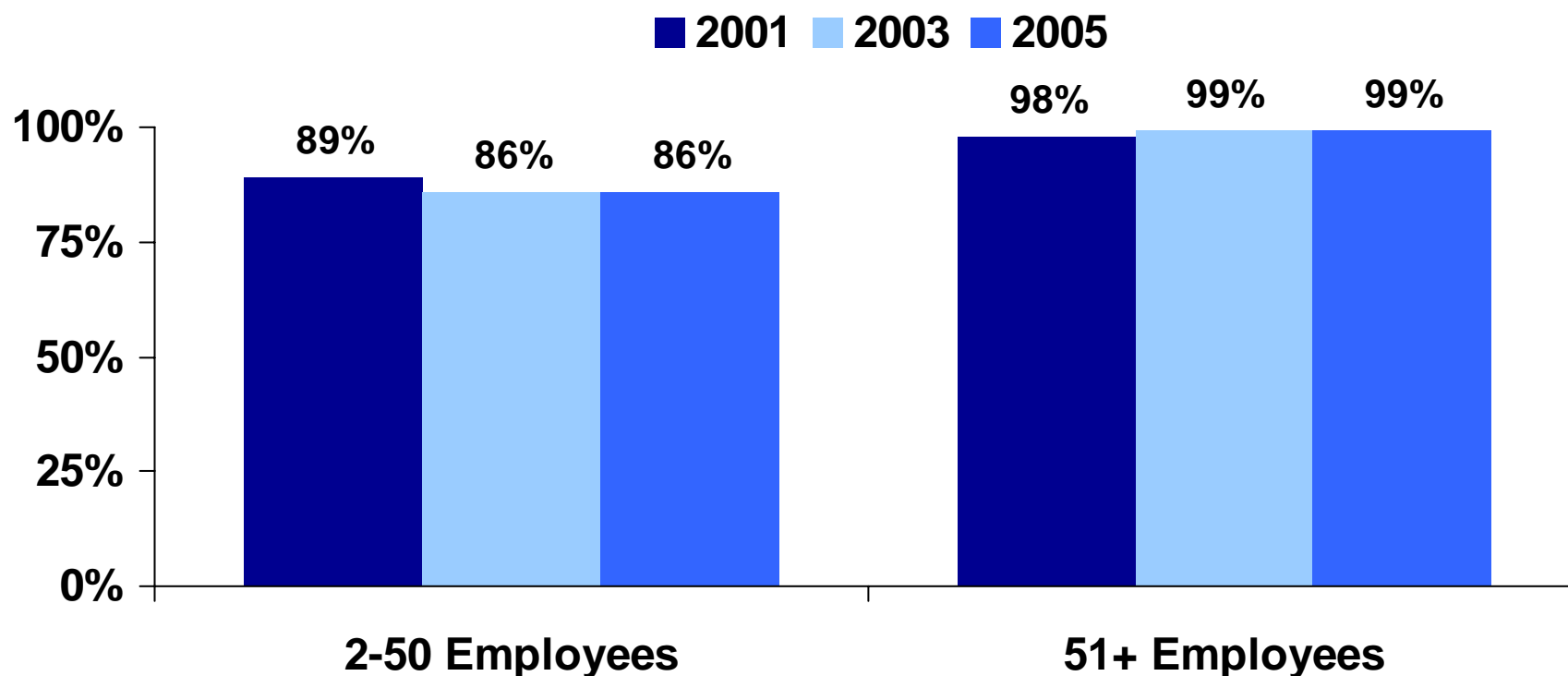
| Employer Size | 2001 | 2003 | 2005 |
|-----------------------|------|------|------|
| All employee sizes | 69% | 68% | 70% |
| 2 to 9 employees | 59% | 57% | 60% |
| 10 to 24 employees | 88% | 89% | 88% |
| 25 to 50 employees | 93% | 87% | 95% |
| 51 to 249 employees | 96% | 100% | 96% |
| 250 or more employees | 97% | 99% | 99% |

Employers That Offer Health Insurance to Opposite-sex and Same-sex Spouses (2001, 2003, 2005)

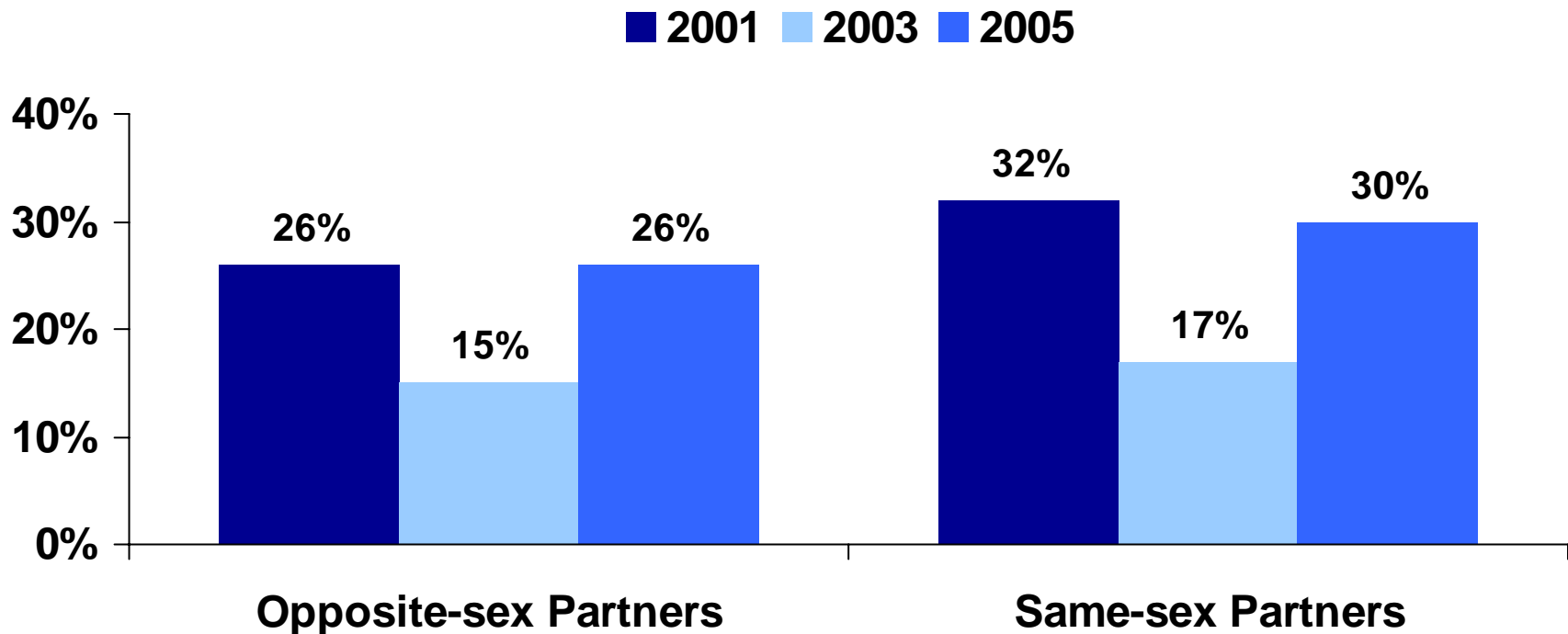


- The change in offer rate for opposite-sex spouses is not statistically significant.
- Same-sex marriage was first legalized in Massachusetts in 2004.

Employers That Offer Health Insurance to Opposite-sex Spouses, by Employer Size (2001, 2003, 2005)

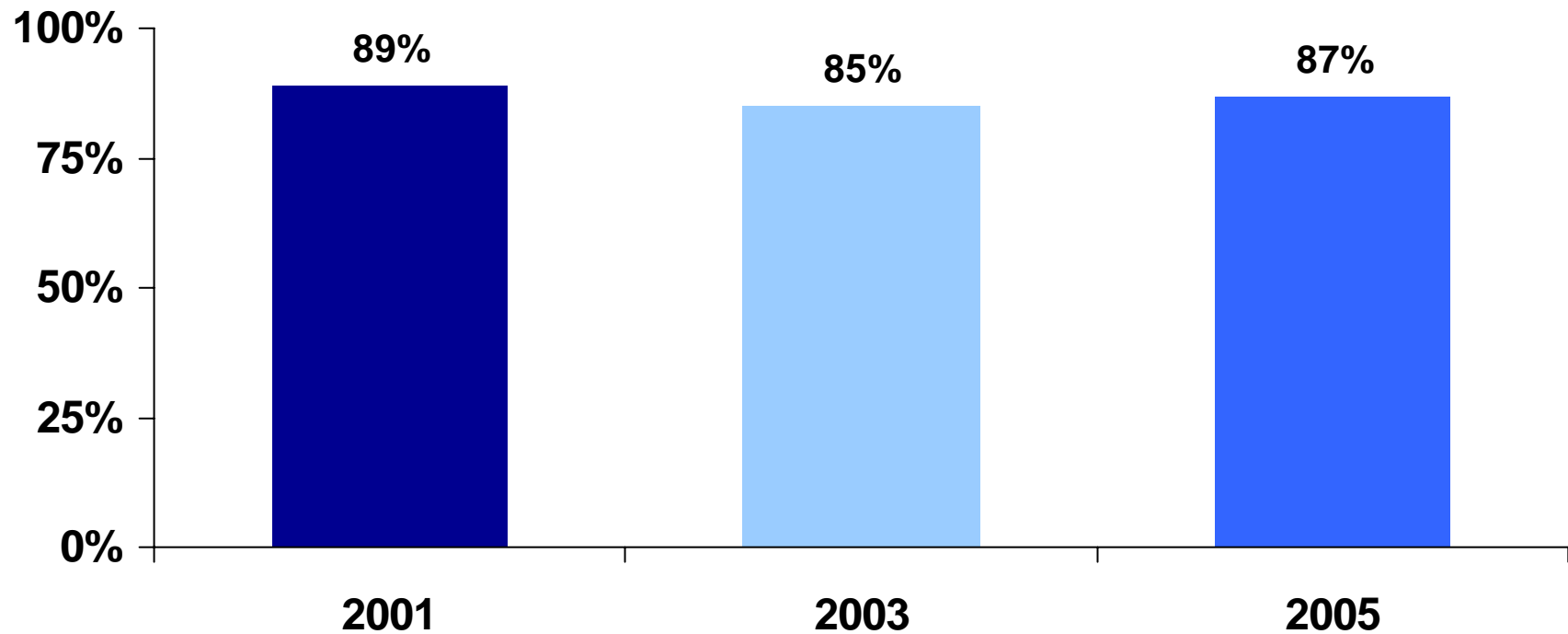


Employers That Offer Health Insurance to Opposite-sex and Same-sex Partners (2001, 2003, 2005)



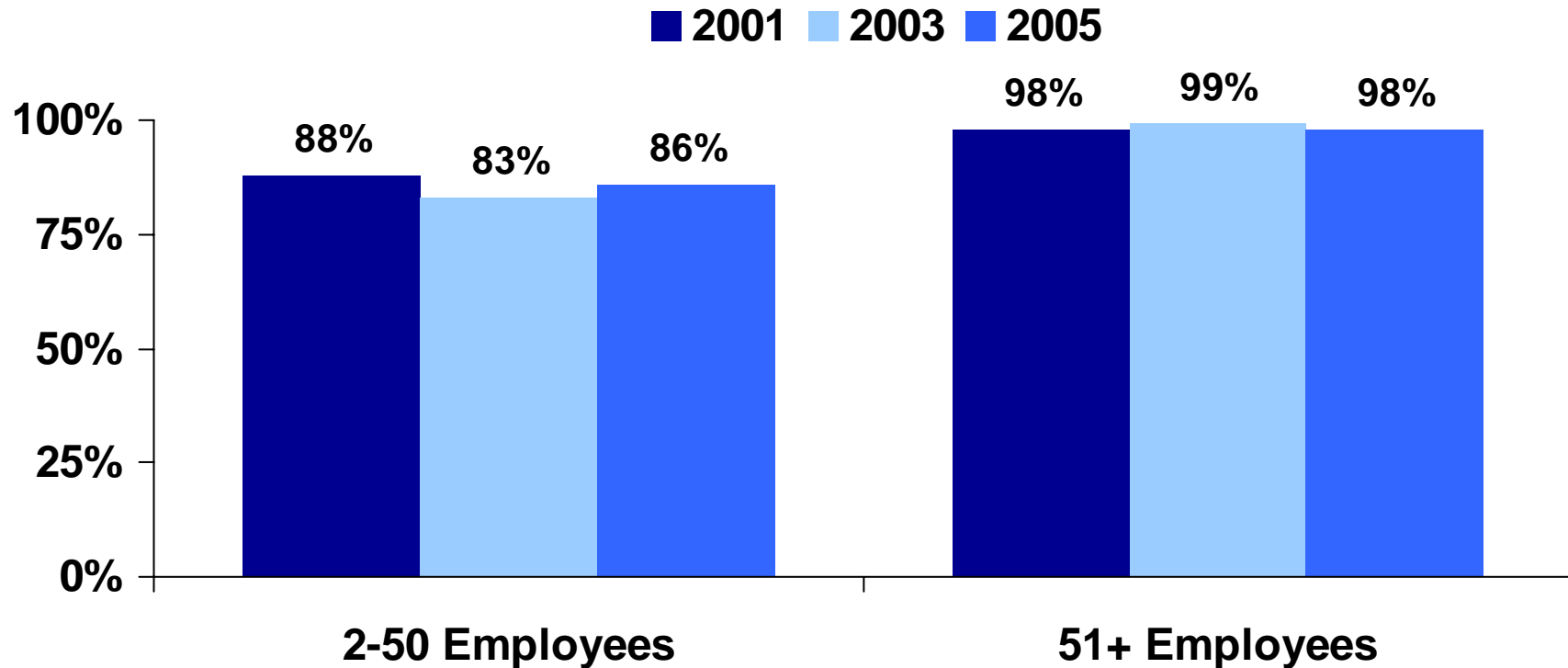
- The changes in offer rate between 2001 and 2003, and between 2003 and 2005 are statistically significant.

Employers That Offer Health Insurance to Dependents (2001, 2003, 2005)



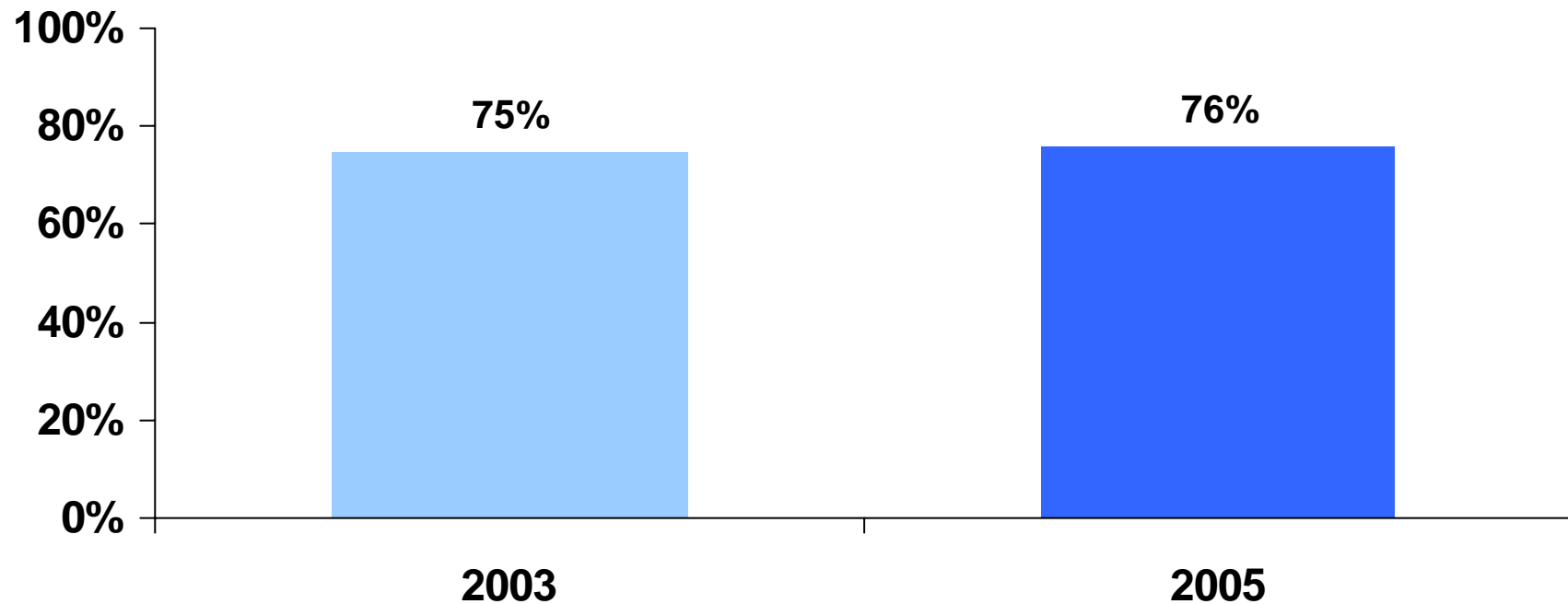
- The change in offer rate is not statistically significant.

Employers That Offer Health Insurance to Dependents, by Employer Size (2001, 2003, 2005)



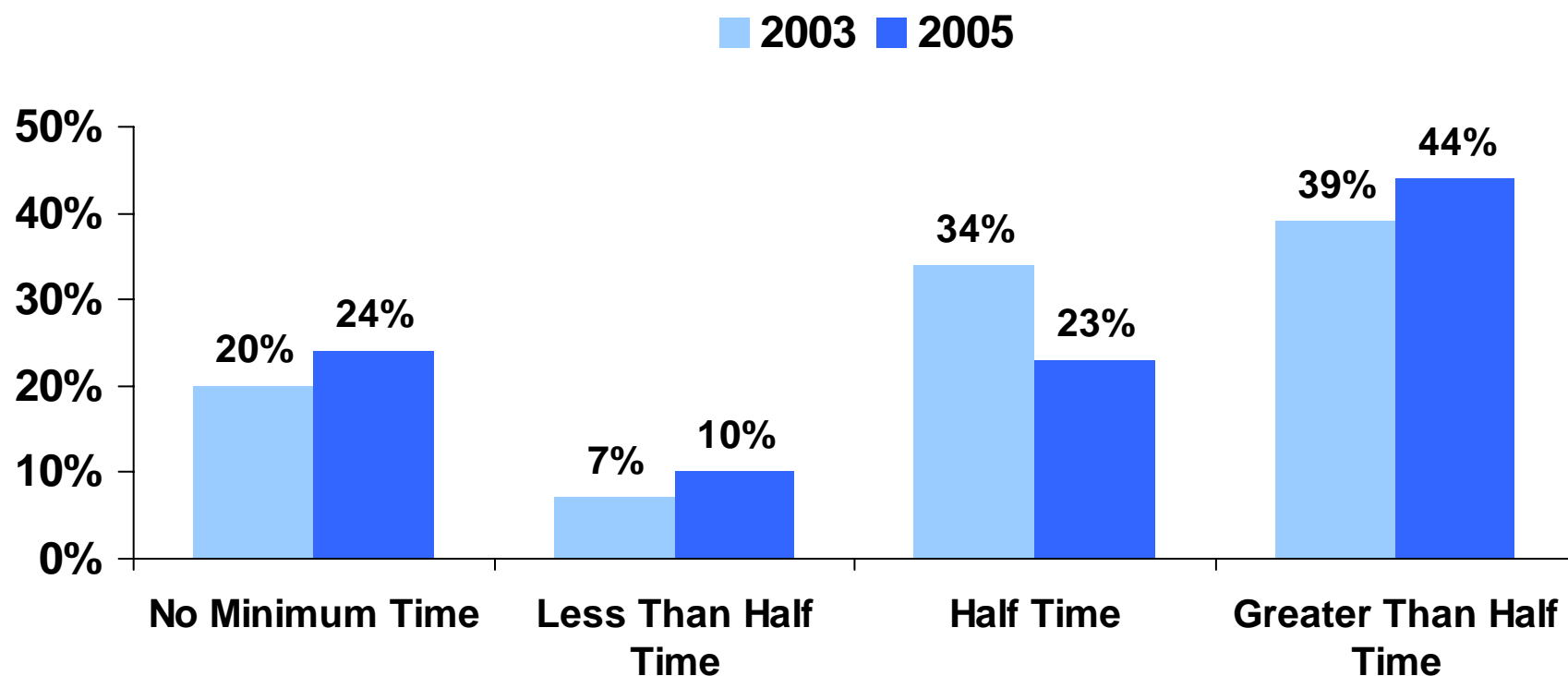
- The change in offer rates is not statistically significant.

Employers That Offer Health Insurance to Full-time Employees Only (2003, 2005)



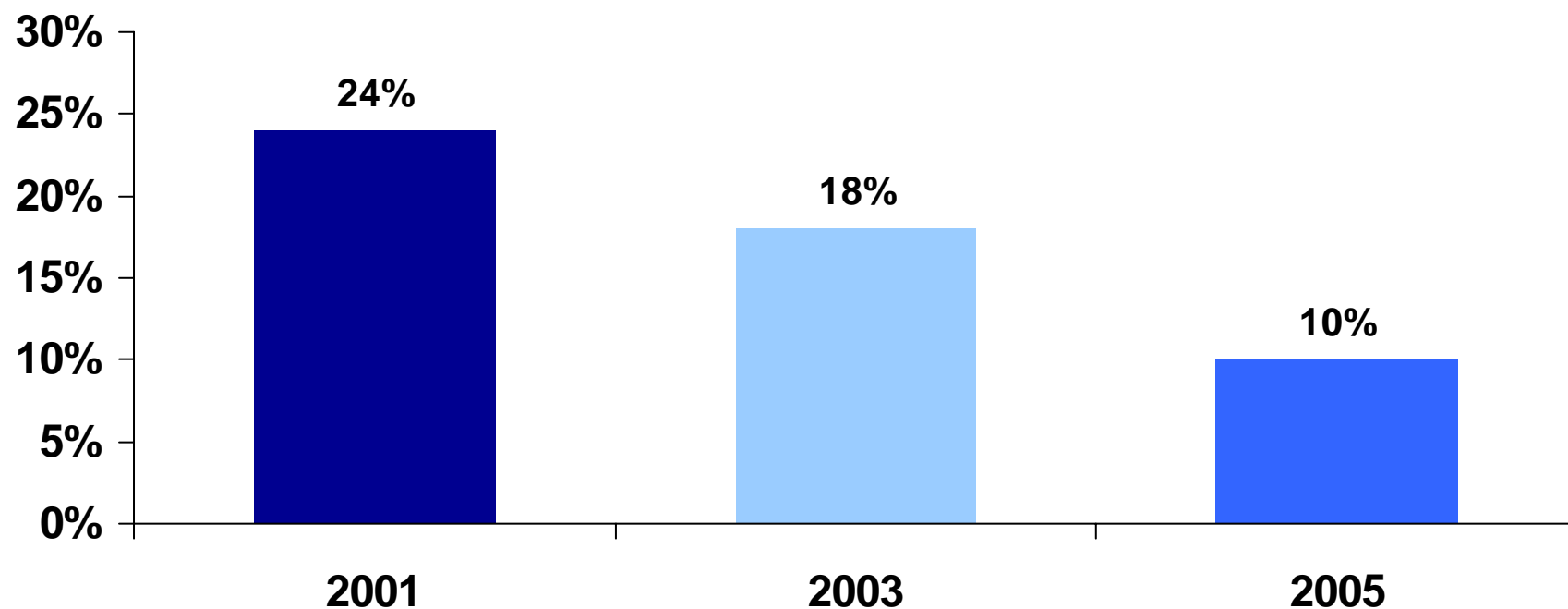
- The change in offer rates is not statistically significant.

Portion of Week Required for Part-time Employee to Qualify for Health Insurance (2003, 2005)



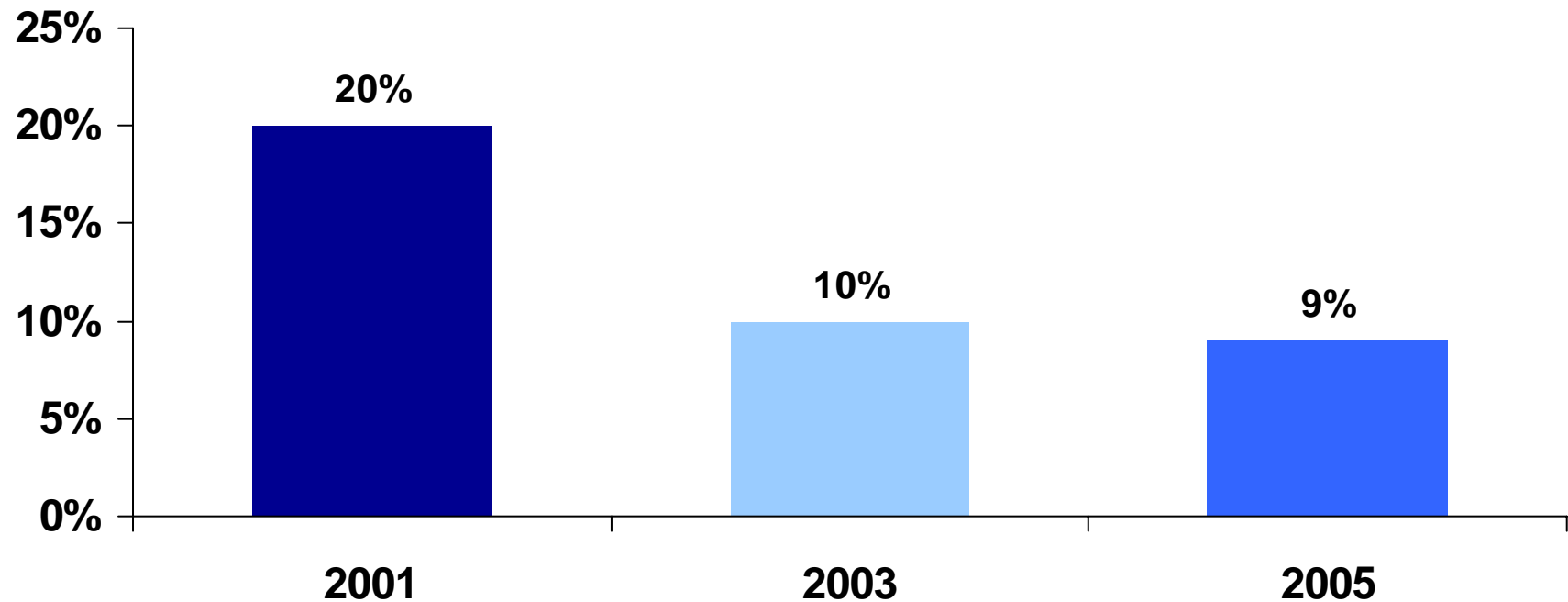
- This shows the minimum amount of time part-time employees must work for them to be eligible for their employer's health insurance.

Employers That Offer Health Insurance to Their Retirees Under Age 65 (2001, 2003, 2005)



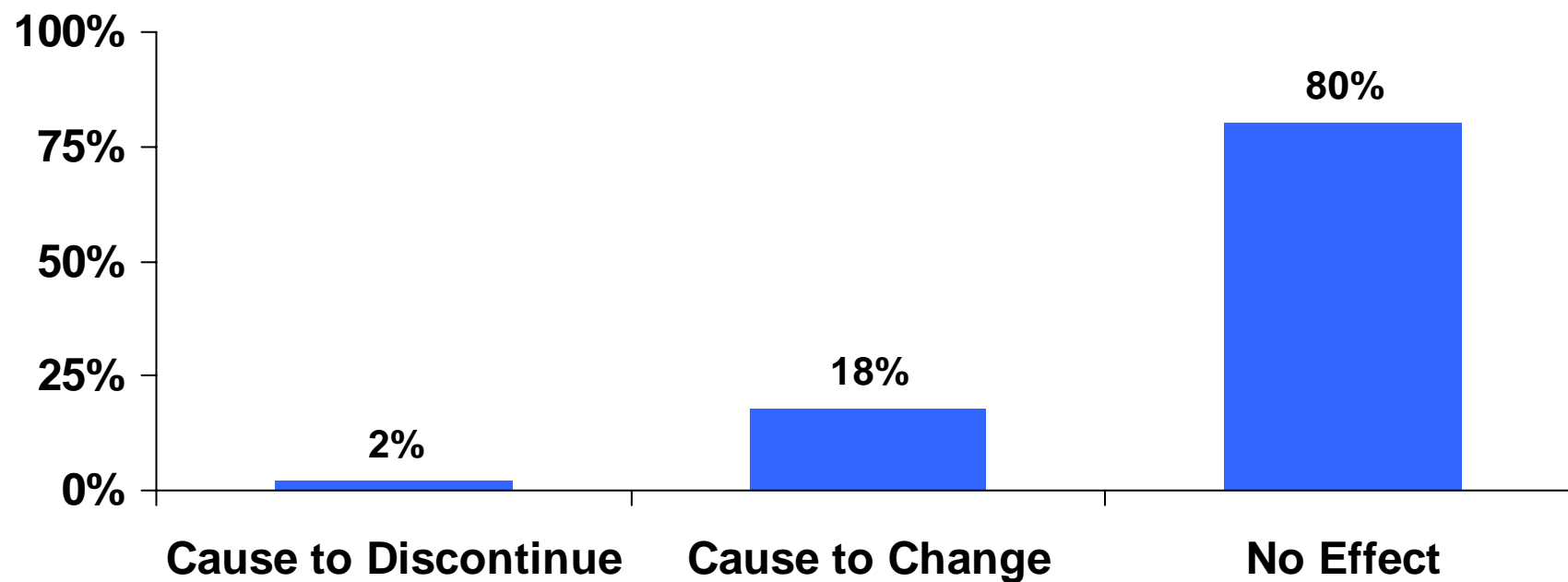
- The change in offer rates between 2001 and 2003 is statistically significant; between 2003 and 2005 it is not.

Employers That Offer Health Insurance to Their Retirees Age 65 and Older (2001, 2003, 2005)

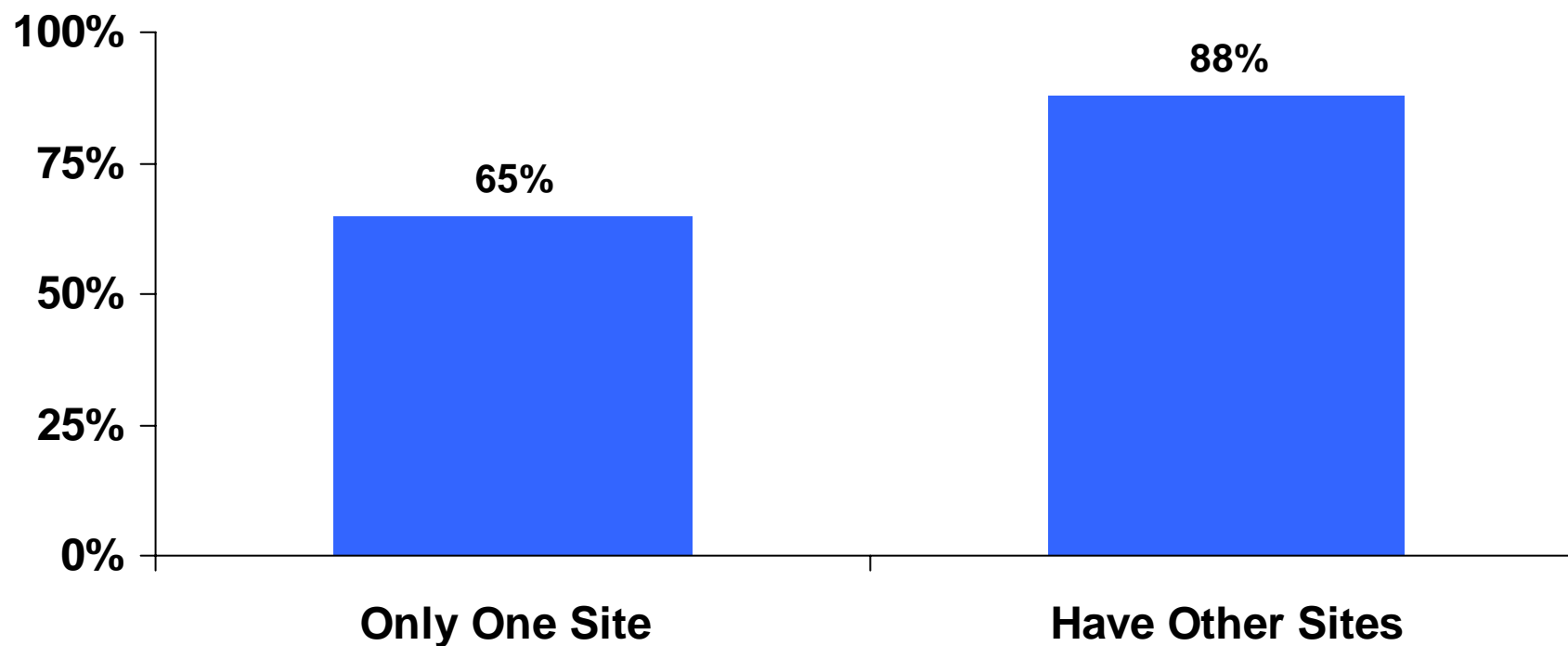


- The change in offer rate between 2001 and 2003 is statistically significant; between 2003 and 2005, it is not.

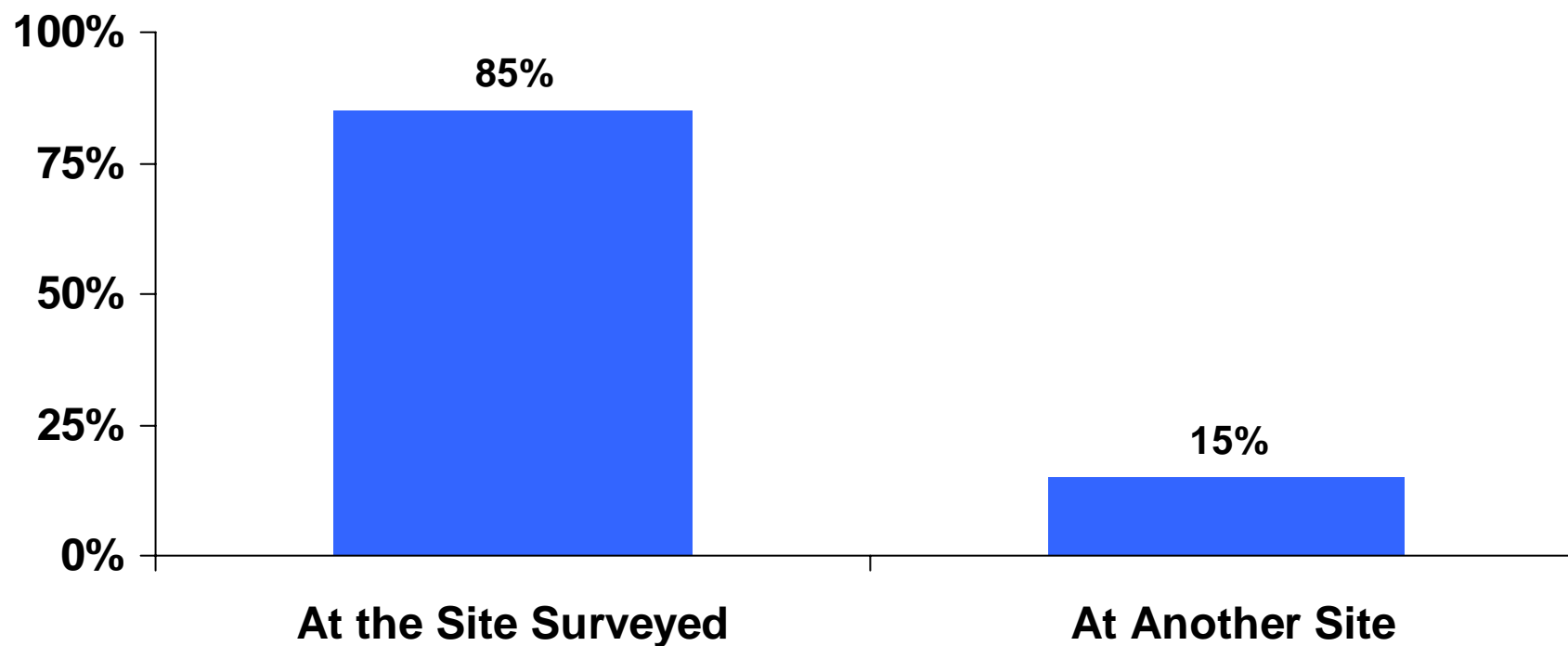
Anticipated Effect of Medicare Pharmacy Coverage on Employer's Retiree Health Benefits (2005)



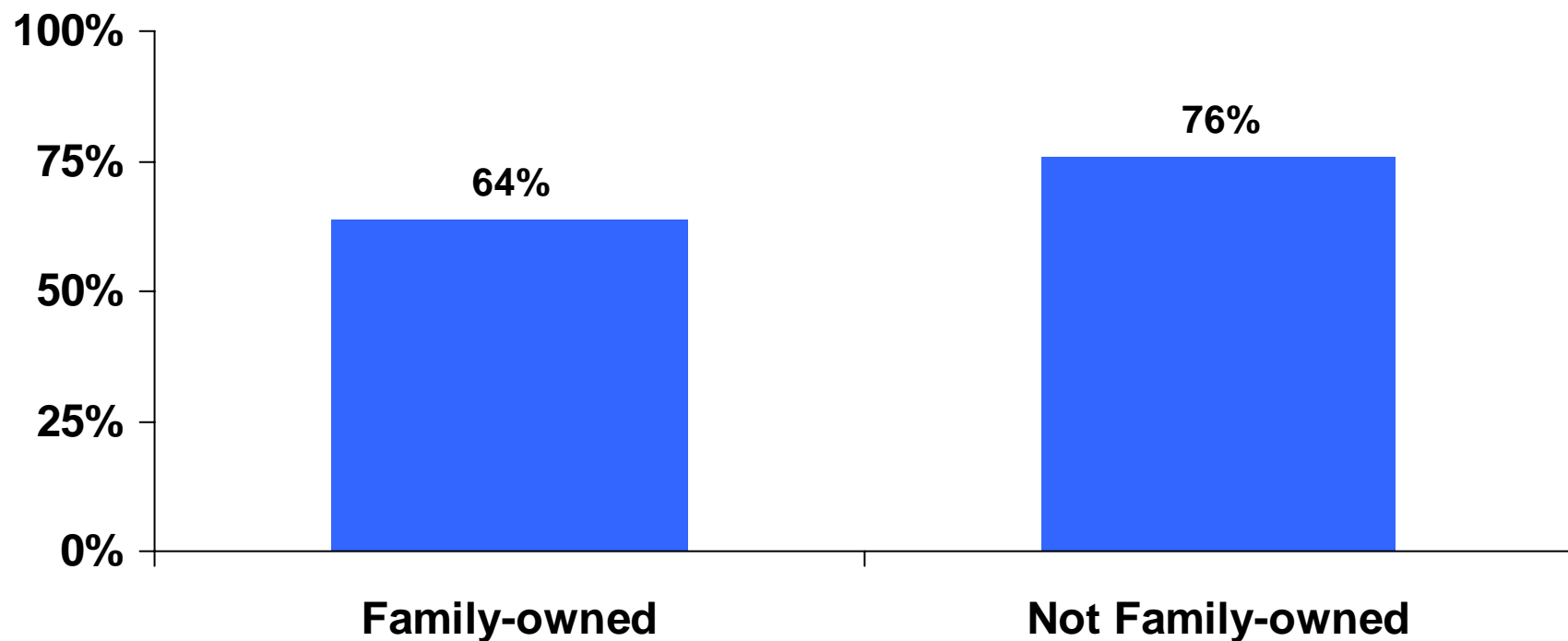
Employers That Offer Health Insurance, by Number of Work Sites (2005)



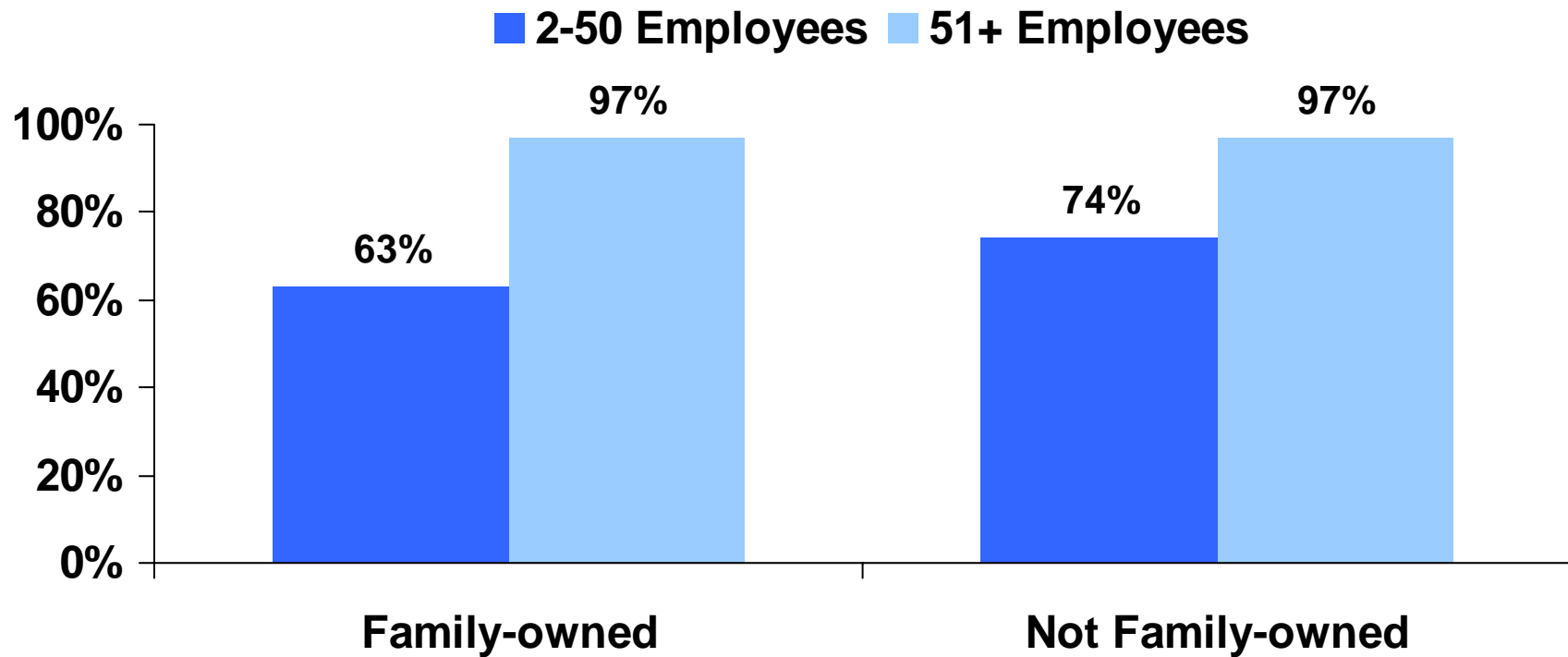
Site Where Decisions About Health Insurance Are Made (2005)



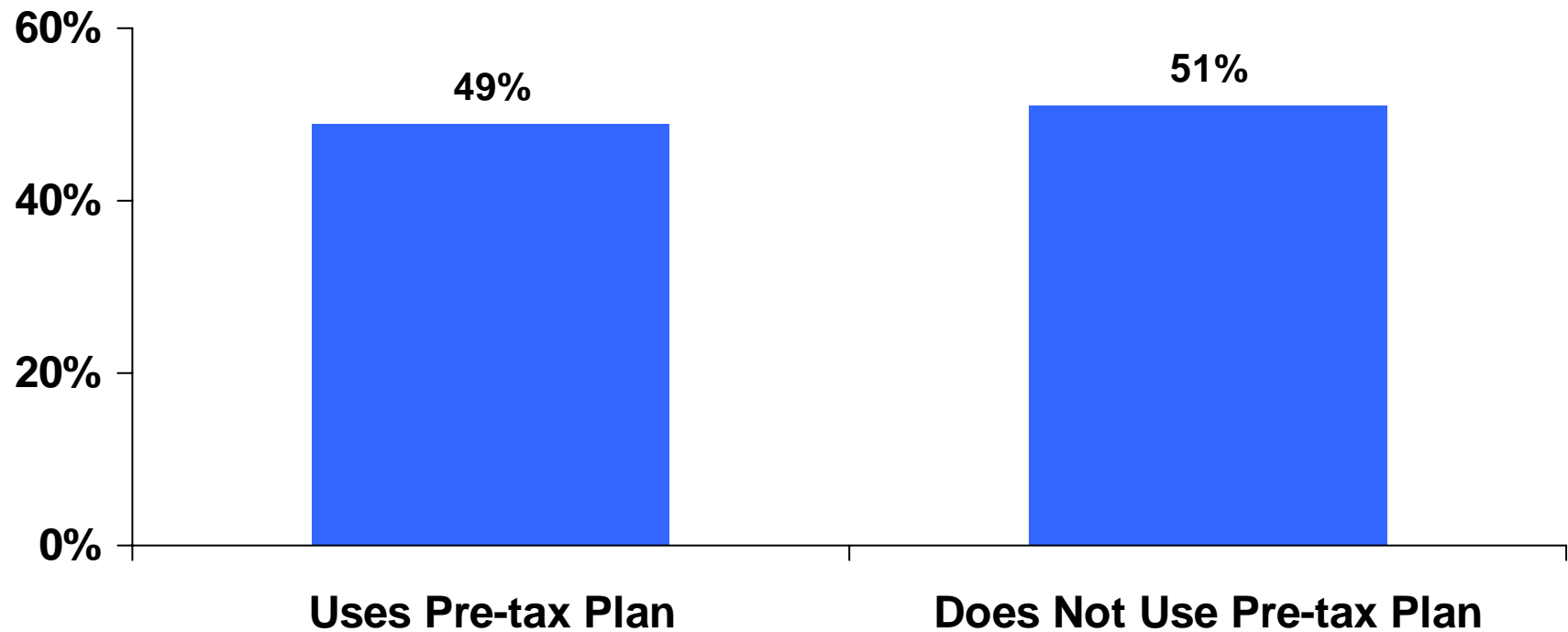
Employers That Offer Health Insurance, by Ownership Type (2005)



Employers That Offer Health Insurance, by Ownership Type and Employer Size (2005)

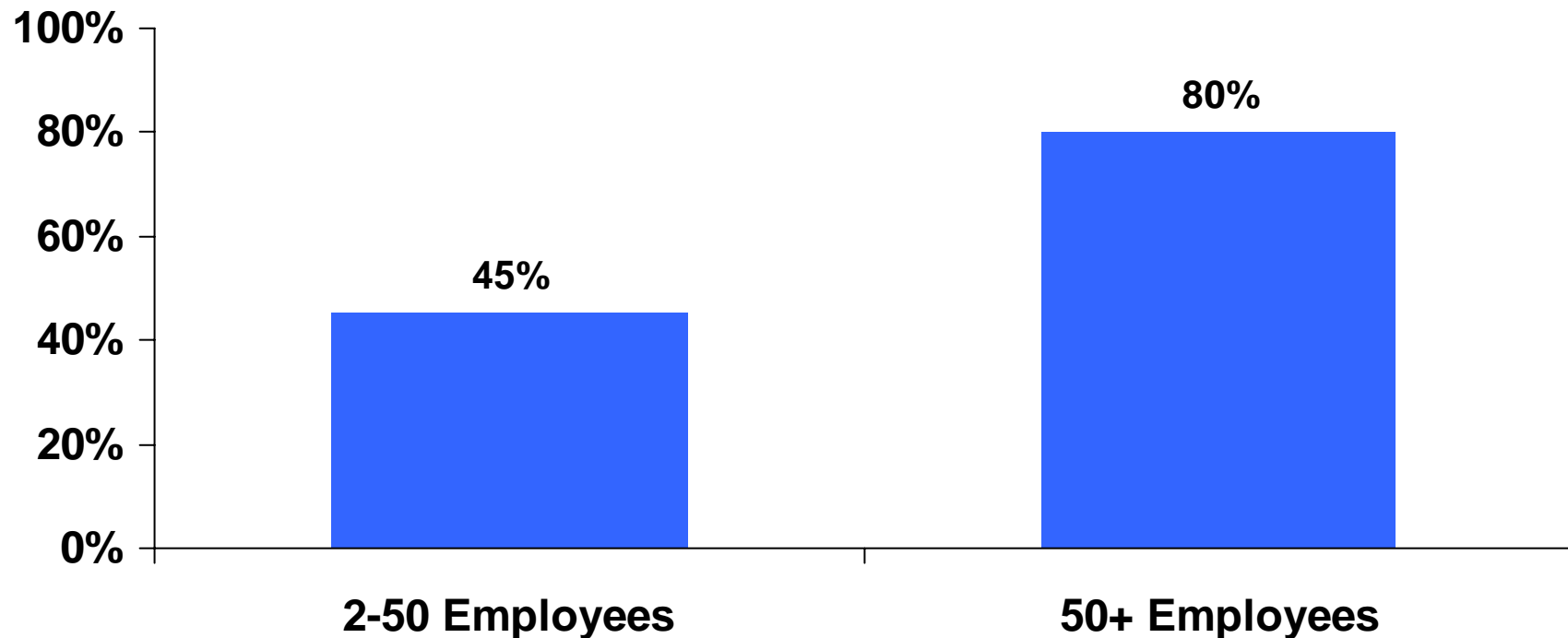


Employers Offering Pre-tax IRS Section 125 Plan for Payment of Health Insurance Premium (2005)



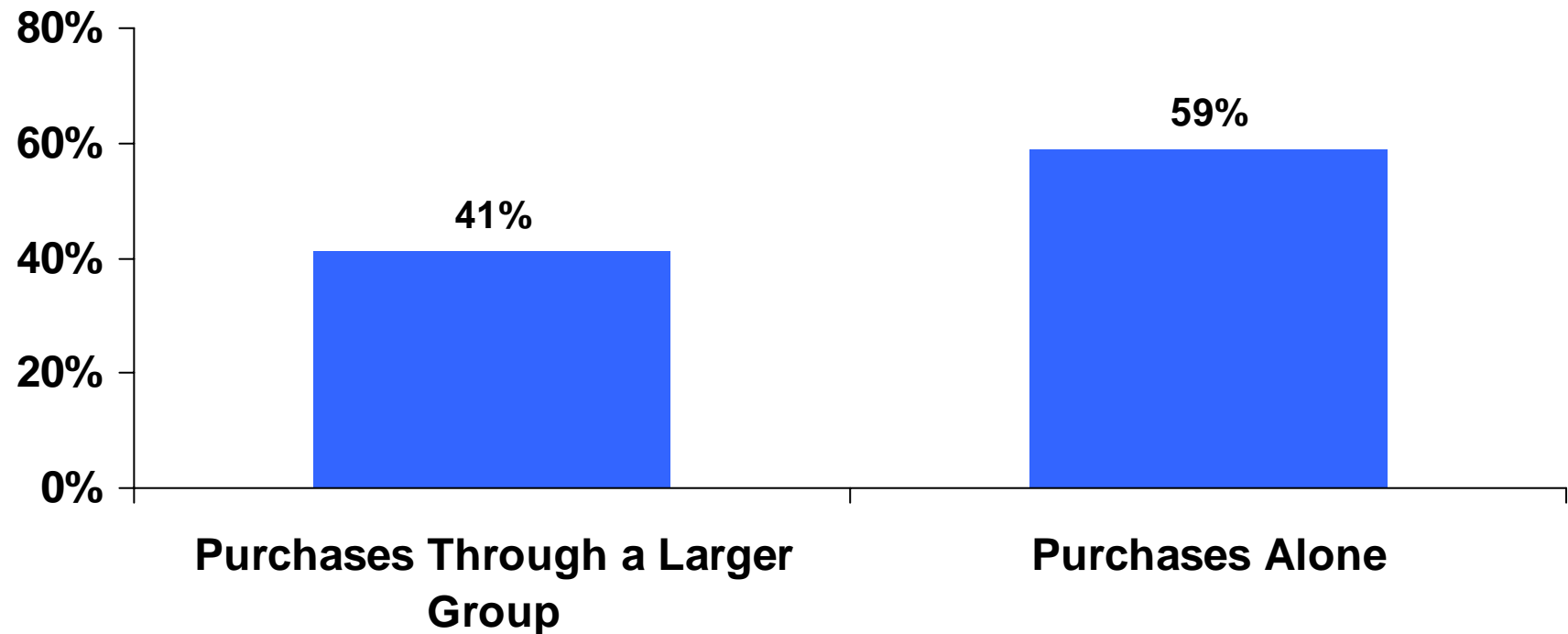
- An IRS Section 125 plan allows employees to contribute their portion of the health insurance premium on a pre-tax basis.

Employers Offering Pre-tax Plan for Health Insurance Premiums, by Employer Size (2005)



- An IRS Section 125 plan allows employees to contribute their portion of the health insurance premium on a pre-tax basis.

Employer Purchase of Health Insurance Through a Larger Group (2005)



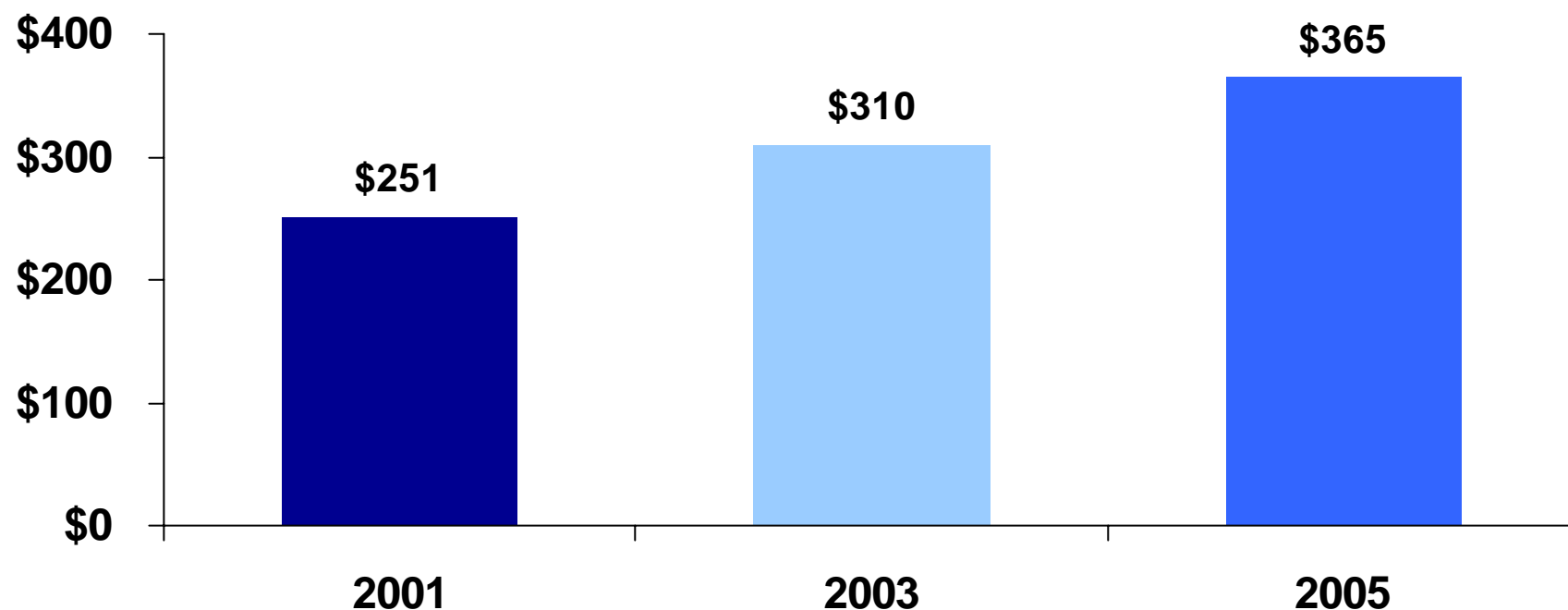
Offer Rate of Health Insurance Compared to Select Other Benefits (2001, 2003, 2005)

| Benefit | 2001 | 2003 | 2005 |
|---|------|------|------|
| Health insurance | 69% | 68% | 70% |
| Dental insurance | 37% | 34% | 39% |
| Life insurance | 38% | 34% | 41% |
| Disability insurance | 38% | 34% | 41% |
| Retirement or pension plan | 53% | 50% | 56% |
| Long-term care insurance | - | - | 16% |
| Pre-tax account for uncovered health expenses | 21% | 19% | 22% |

Employers That Offer Select Other Benefits in Addition to Health Insurance (2001, 2003, 2005)

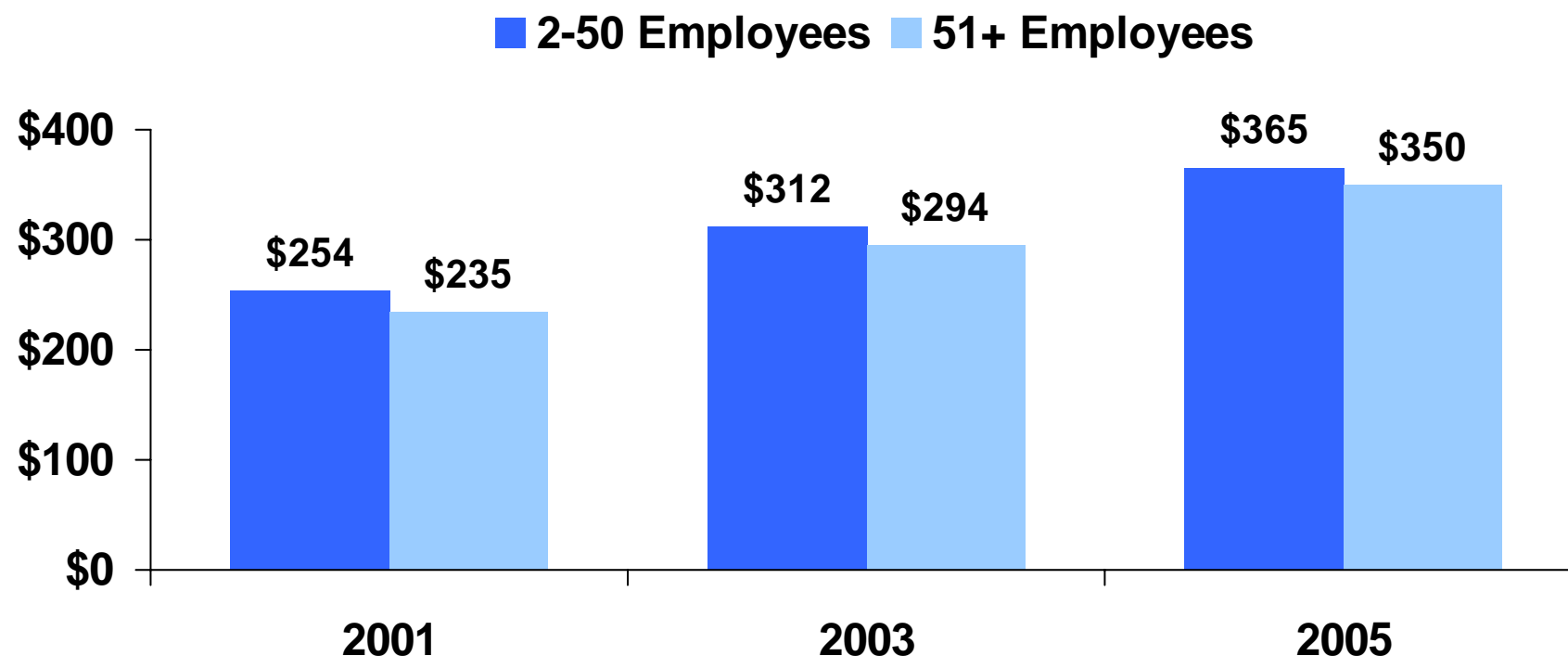
| Benefit | 2001 | 2003 | 2005 |
|---|------|------|------|
| Dental insurance | 51% | 47% | 53% |
| Life insurance | 51% | 46% | 53% |
| Disability insurance | 50% | 45% | 53% |
| Retirement or pension plan | 70% | 61% | 71% |
| Long-term care insurance | - | - | 22% |
| Pre-tax account for uncovered health expenses | 28% | 23% | 31% |

Median Total Monthly Premium for Individual Health Insurance Plans (2001, 2003, 2005)

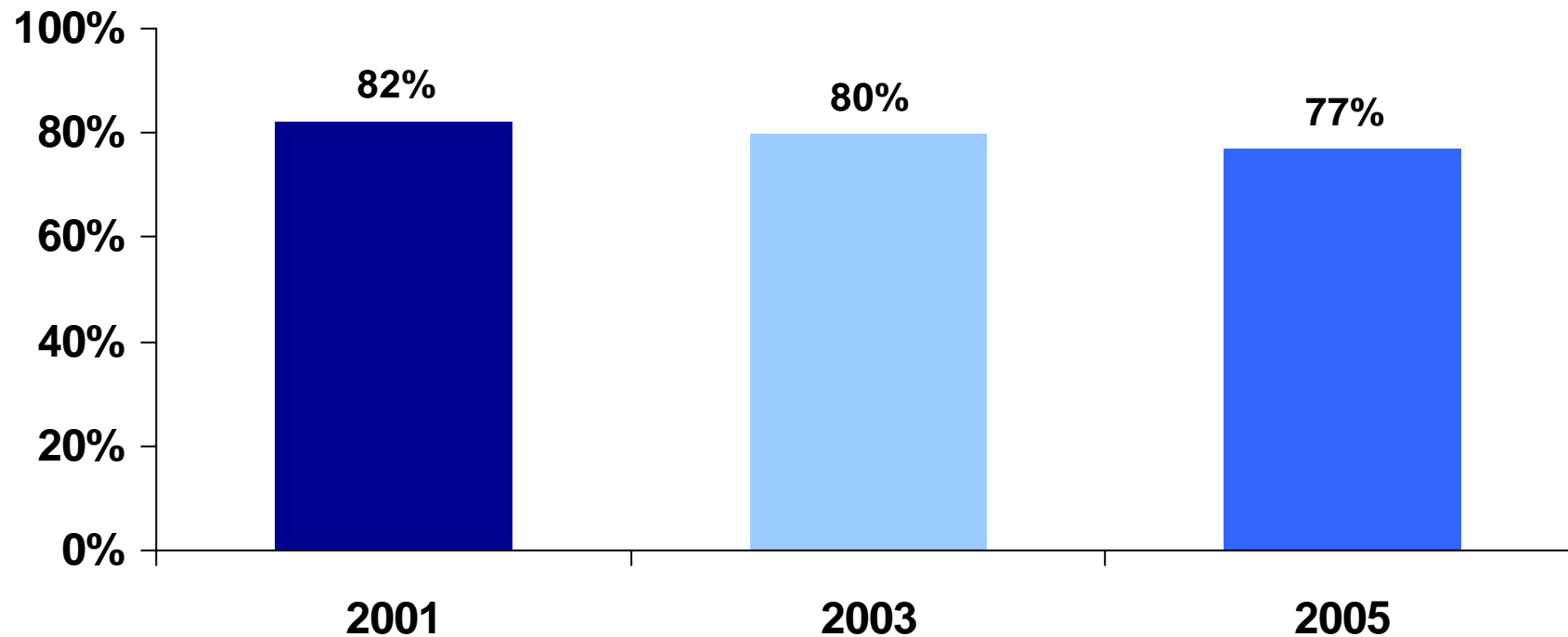


- From 2001 to 2003, individual plan premiums rose 24%. From 2003 to 2005, premiums increased by 18%.

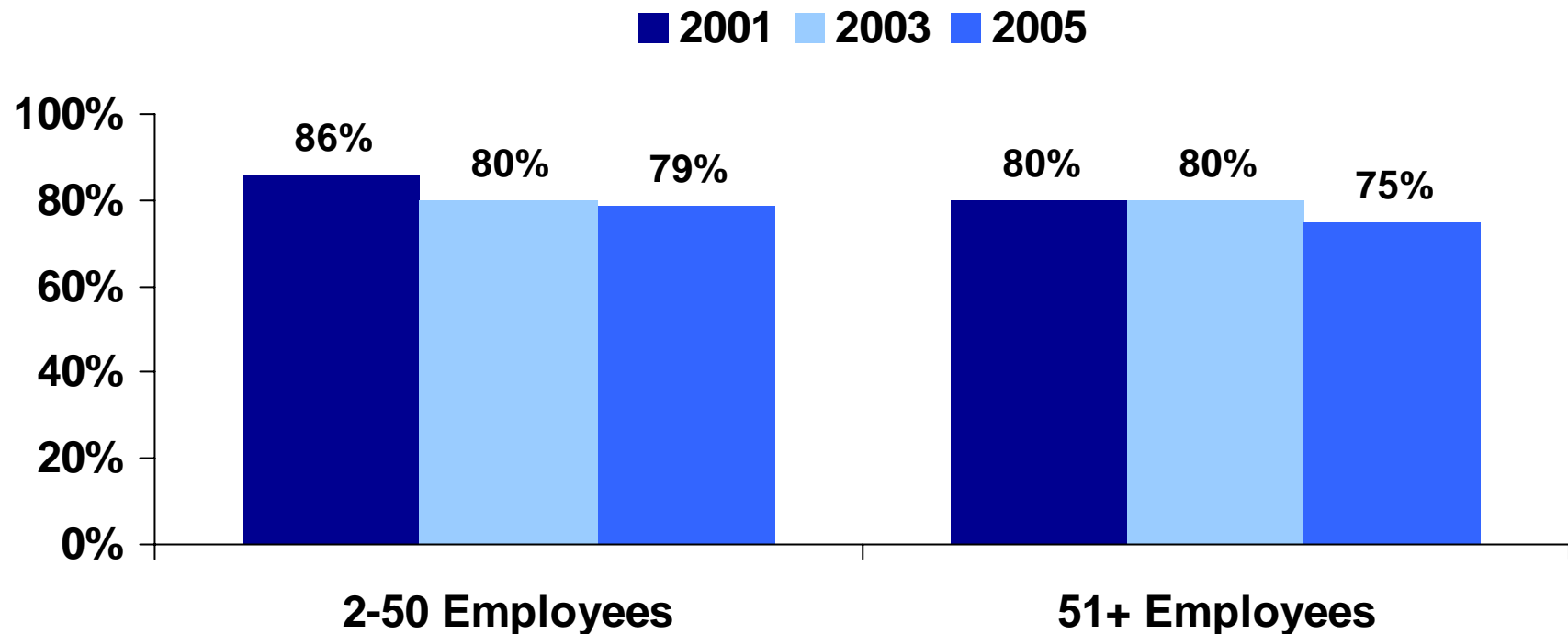
Median Total Monthly Premium for Individual Plans, by Employer Size (2001, 2003, 2005)



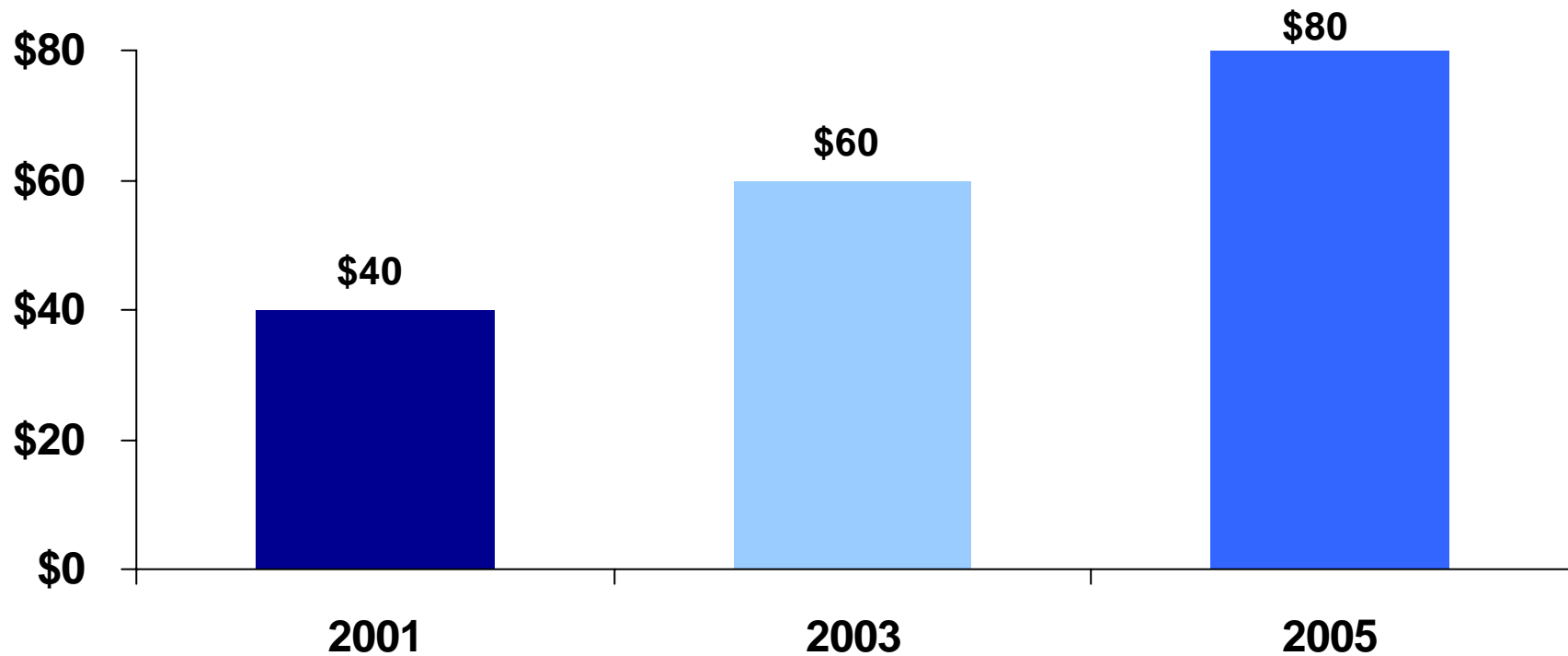
Median Monthly Employer Contribution to Individual Plan Premium (2001, 2003, 2005)



Median Monthly Employer Contribution to Individual Plan Premium, by Employer Size (2001, 2003, 2005)

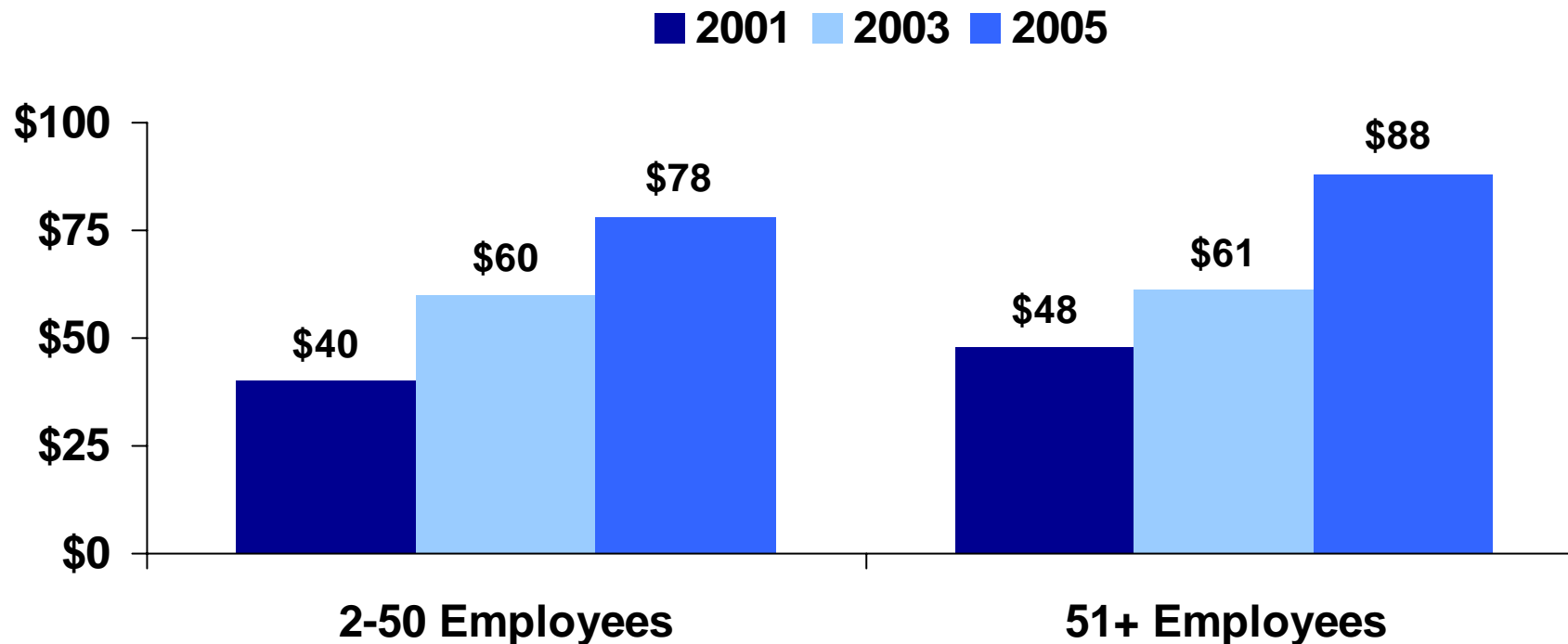


Median Monthly Employee Contribution to Individual Plan Premium (2001, 2003, 2005)

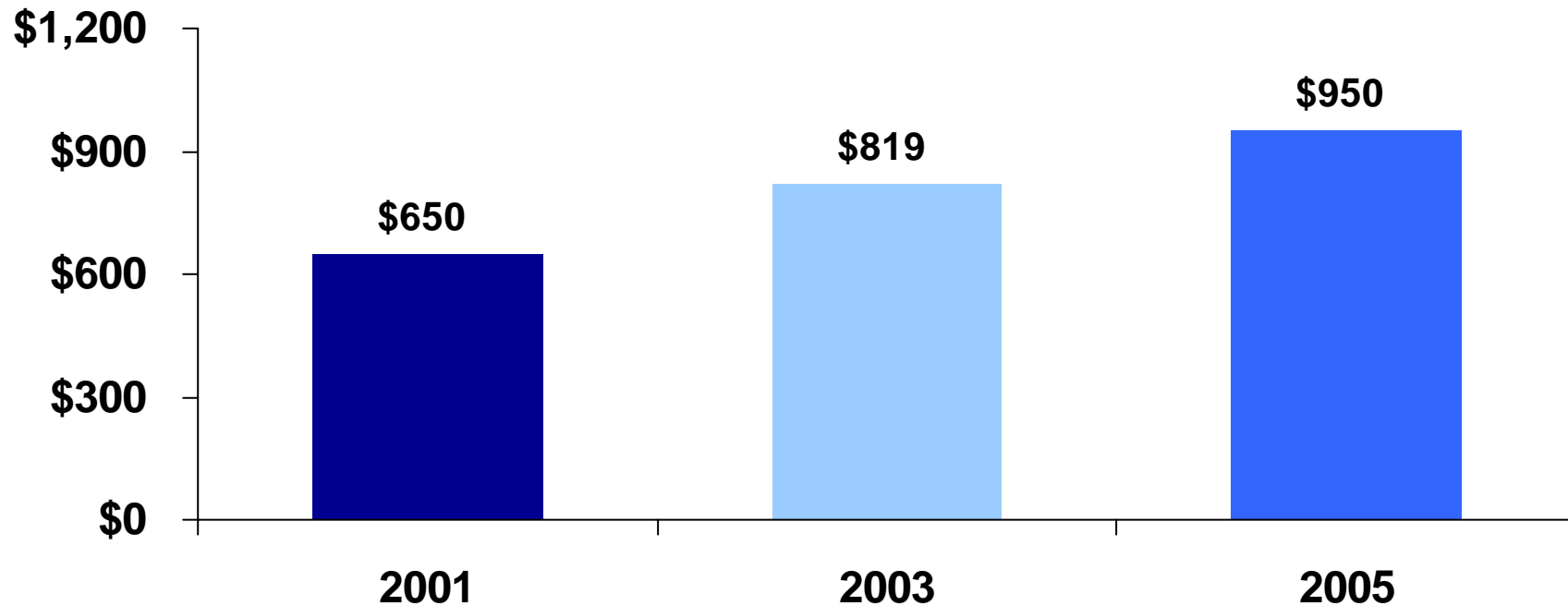


- From 2001 to 2003, the increase in employee contribution was 50%; from 2003 to 2005 the increase was 33%.

Median Monthly Employee Contribution to Individual Plan Premium, by Employer Size (2001, 2003, 2005)

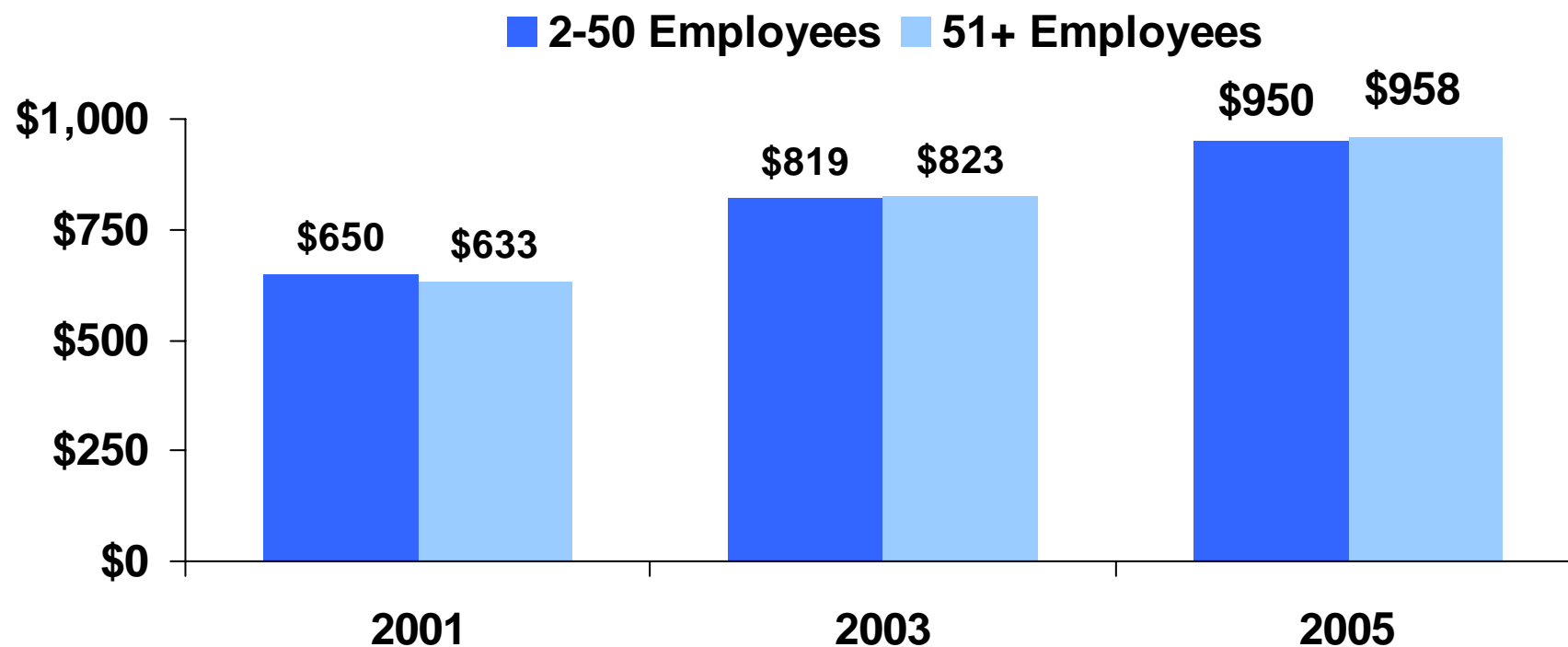


Median Total Monthly Premium for Family Health Insurance Plans (2001, 2003, 2005)

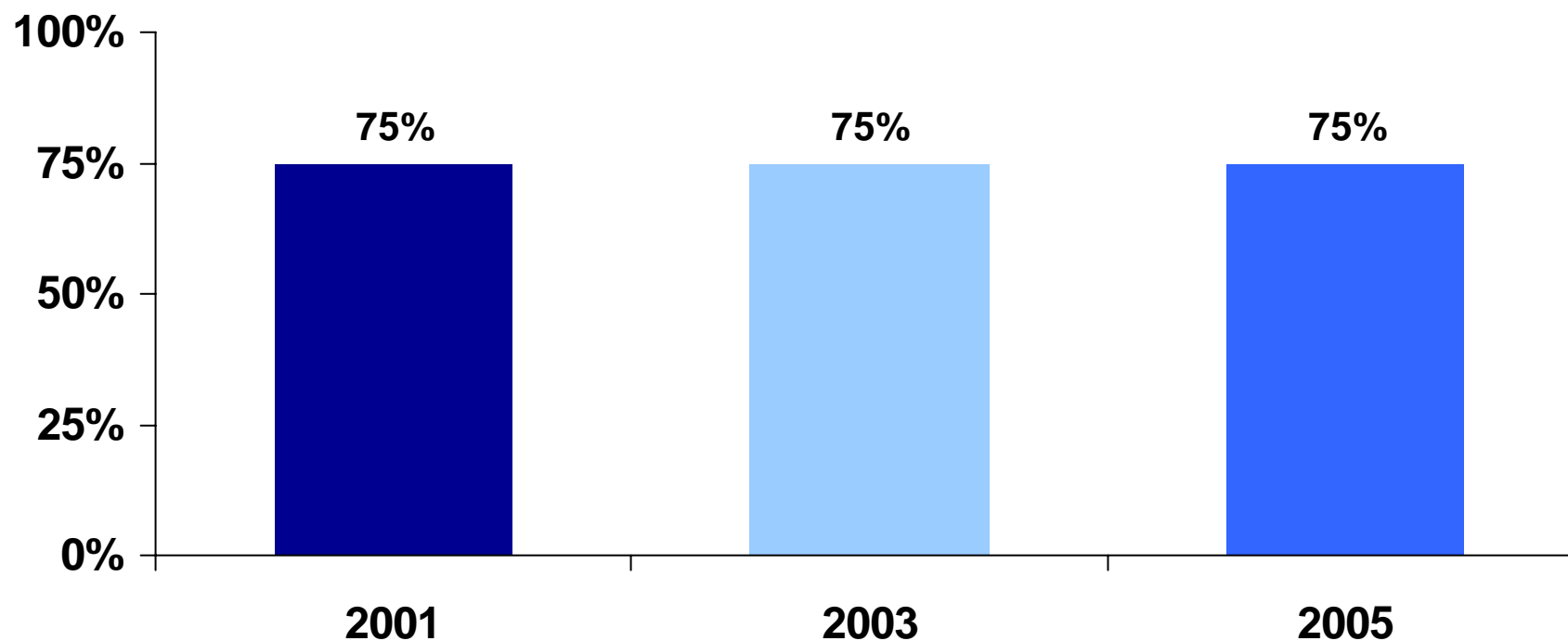


- From 2001 to 2003, premiums for family plans rose 26%. From 2003 to 2005 premiums increased 16%.

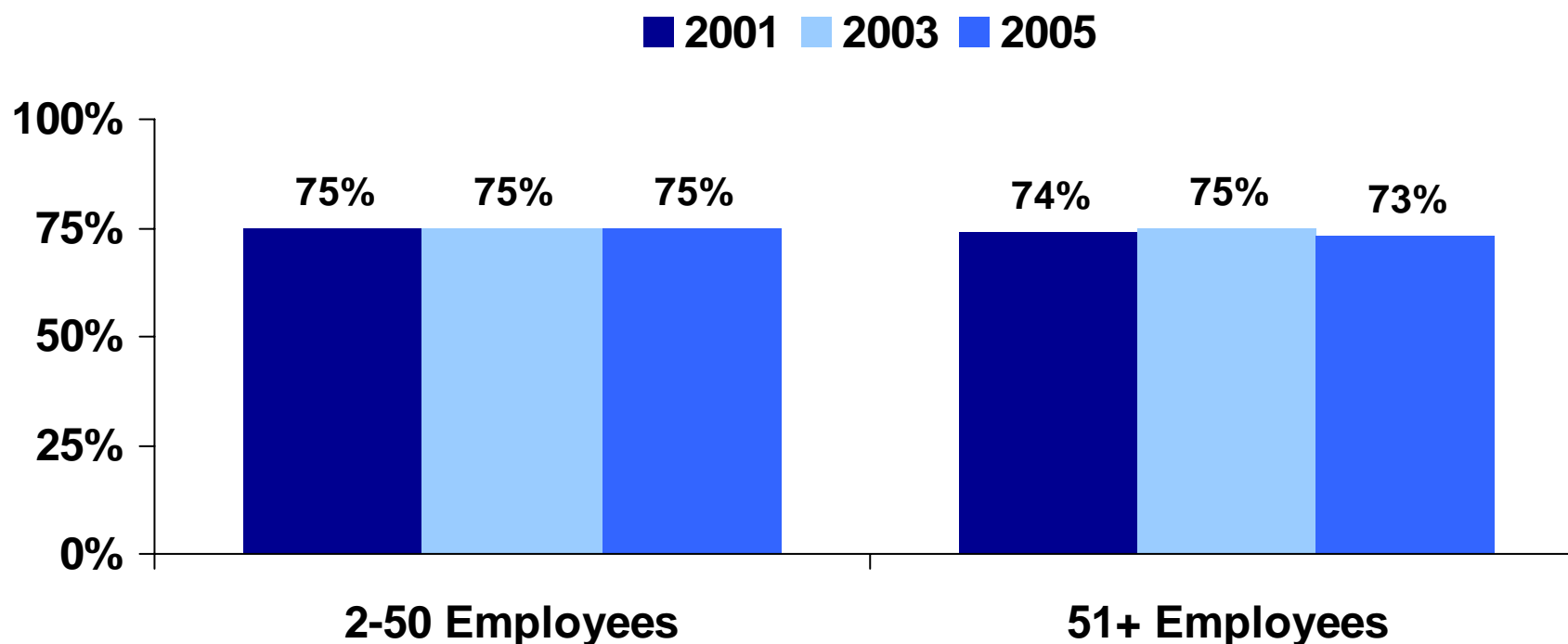
Median Monthly Total Premium for Family Plans, by Employer Size (2001, 2003, 2005)



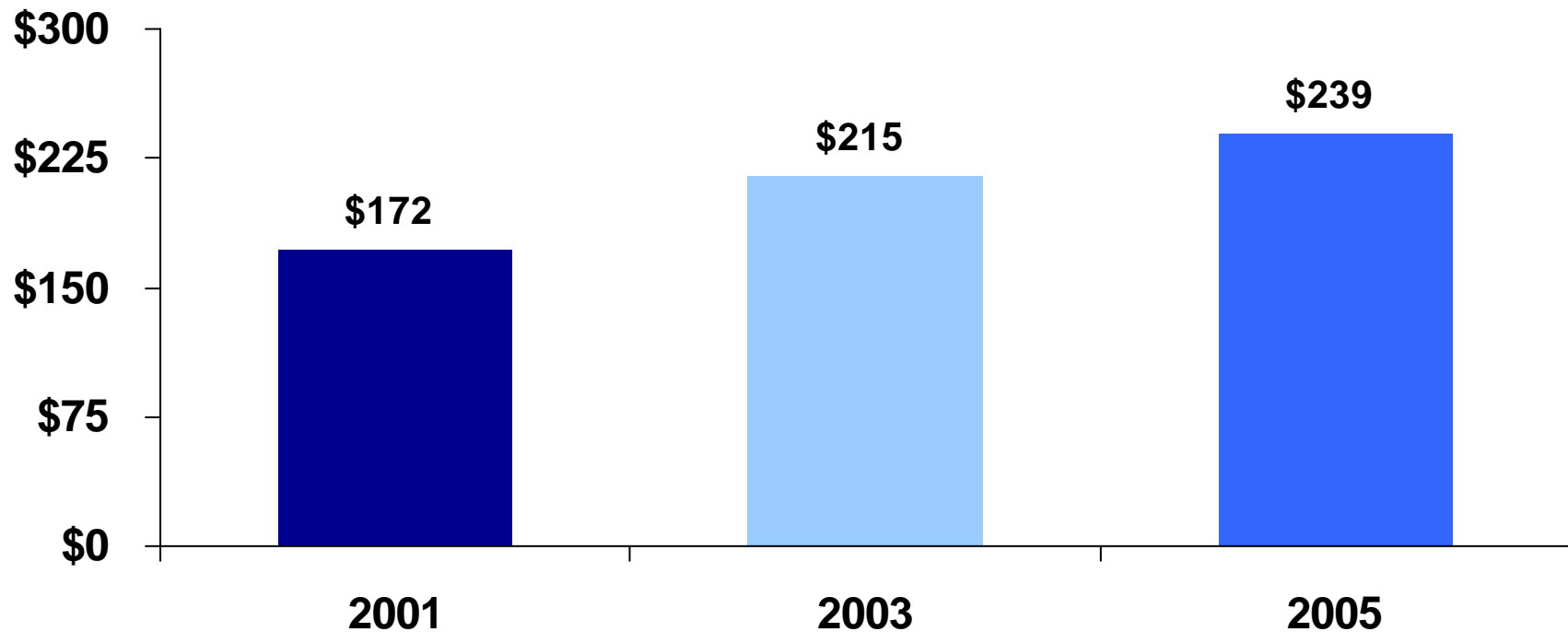
Median Monthly Employer Contribution to Family Plan Premium (2001, 2003, 2005)



Median Monthly Employer Contribution to Family Plan Premium, by Employer Size (2001, 2003, 2005)

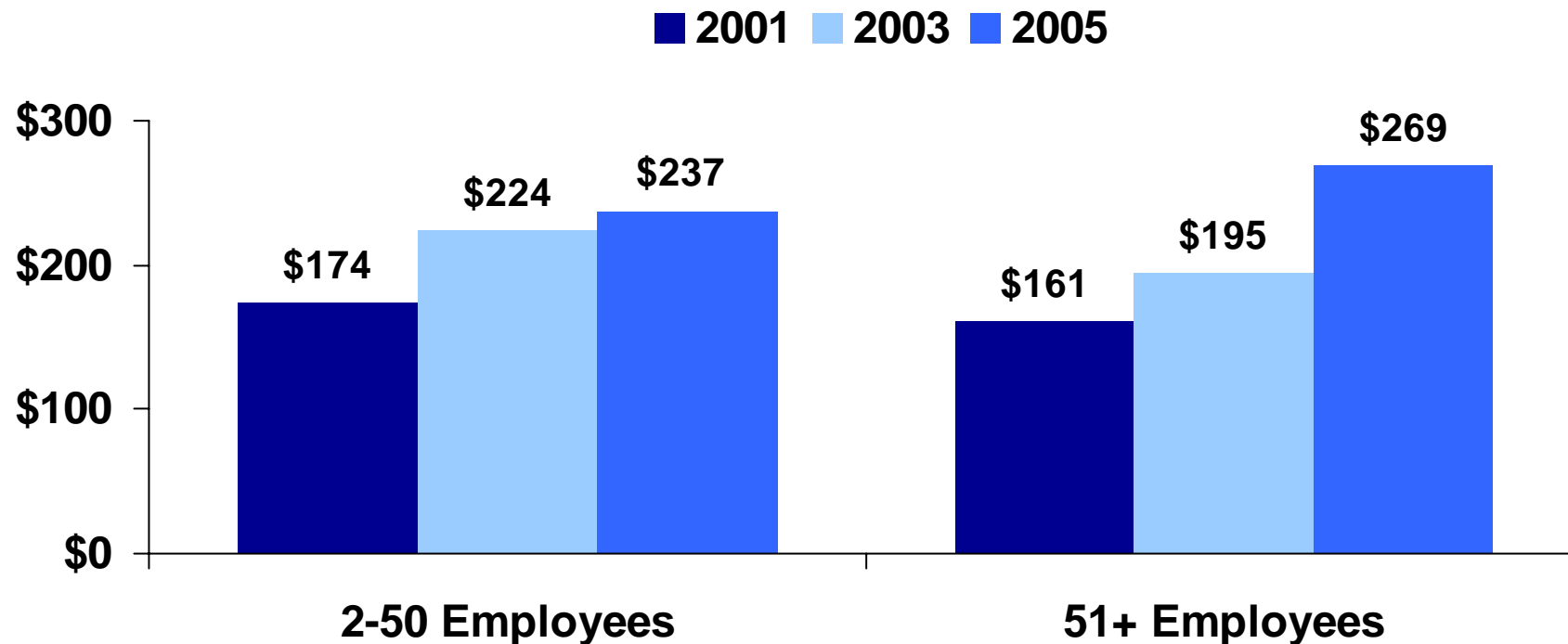


Median Monthly Employee Contribution to Family Plan Premium (2001, 2003, 2005)



- From 2001 to 2003, the increase in employee contribution was 25%; from 2003 to 2005 the increase was 11%.

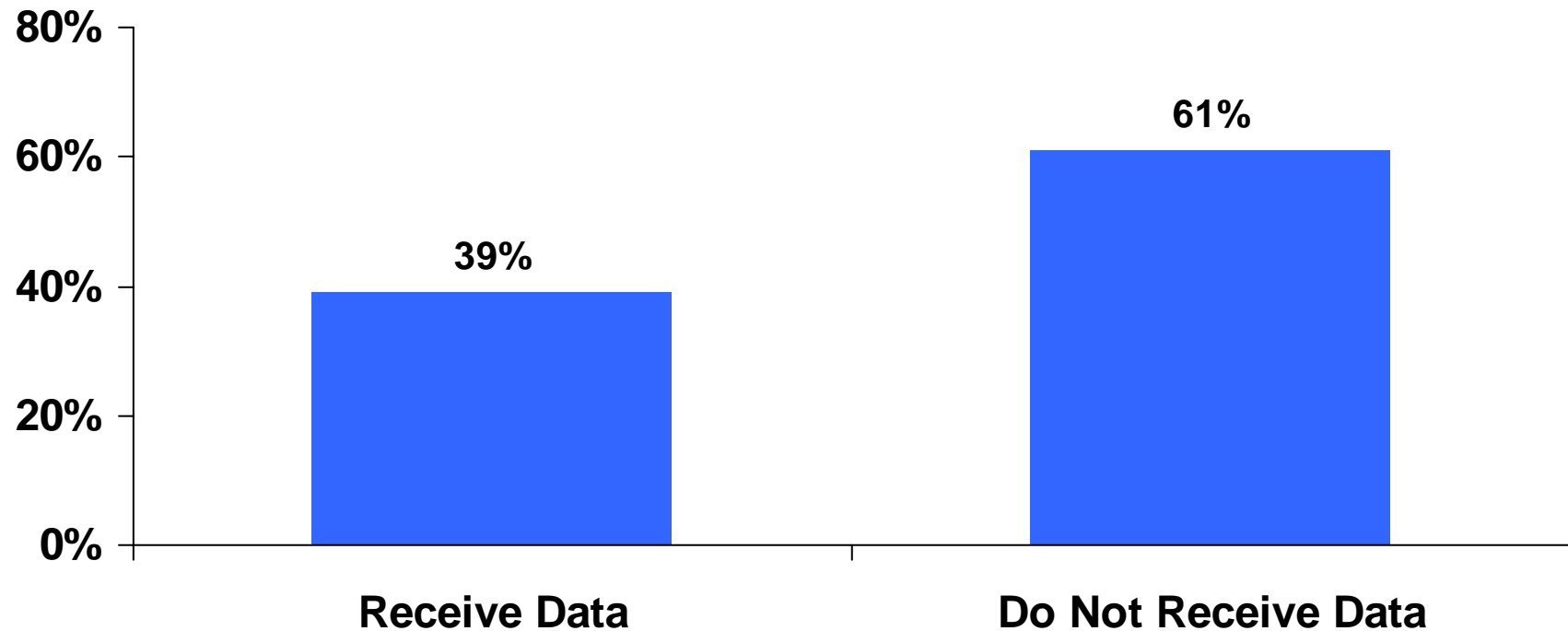
Median Monthly Employee Contribution to Family Plan Premium, by Employer Size (2001, 2003, 2005)



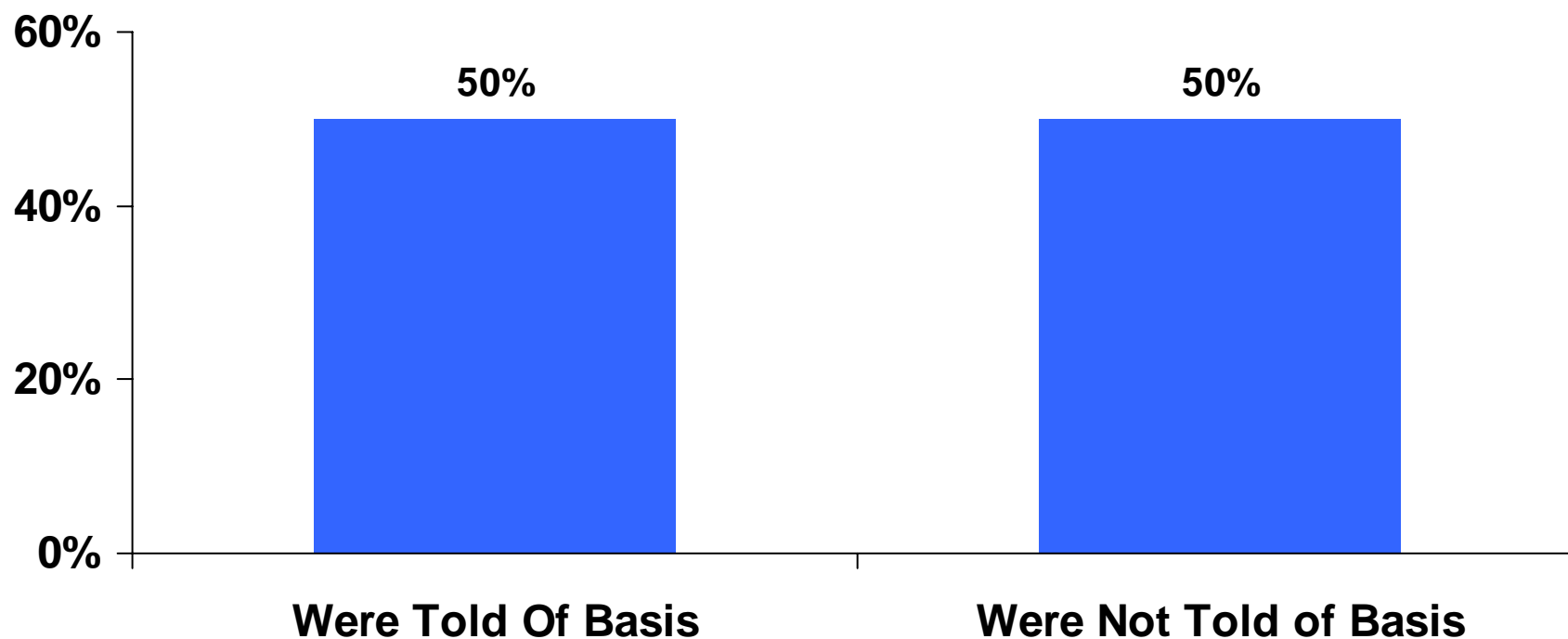
Does Employee Contribution To Health Insurance Premium Vary Because of...? (2003, 2005)

| Reason | 2003 | 2005 |
|--|------|------|
| Seniority? | 2% | 4% |
| Part-time/ Full-time status? | 6% | 9% |
| Surcharge for spouse if other insurance available? | - | 3% |
| Contribute higher portion of premium for dependants | 6% | - |
| Depends on pay | - | 3% |
| Depends on whether employee is executive/ senior staff | 2% | - |
| Union/ Non-union status? | 1% | 1% |
| Other | 4% | 4% |
| Employer pays 100% of premium | 17% | 20% |
| Employee contribution does not vary | 65% | 62% |

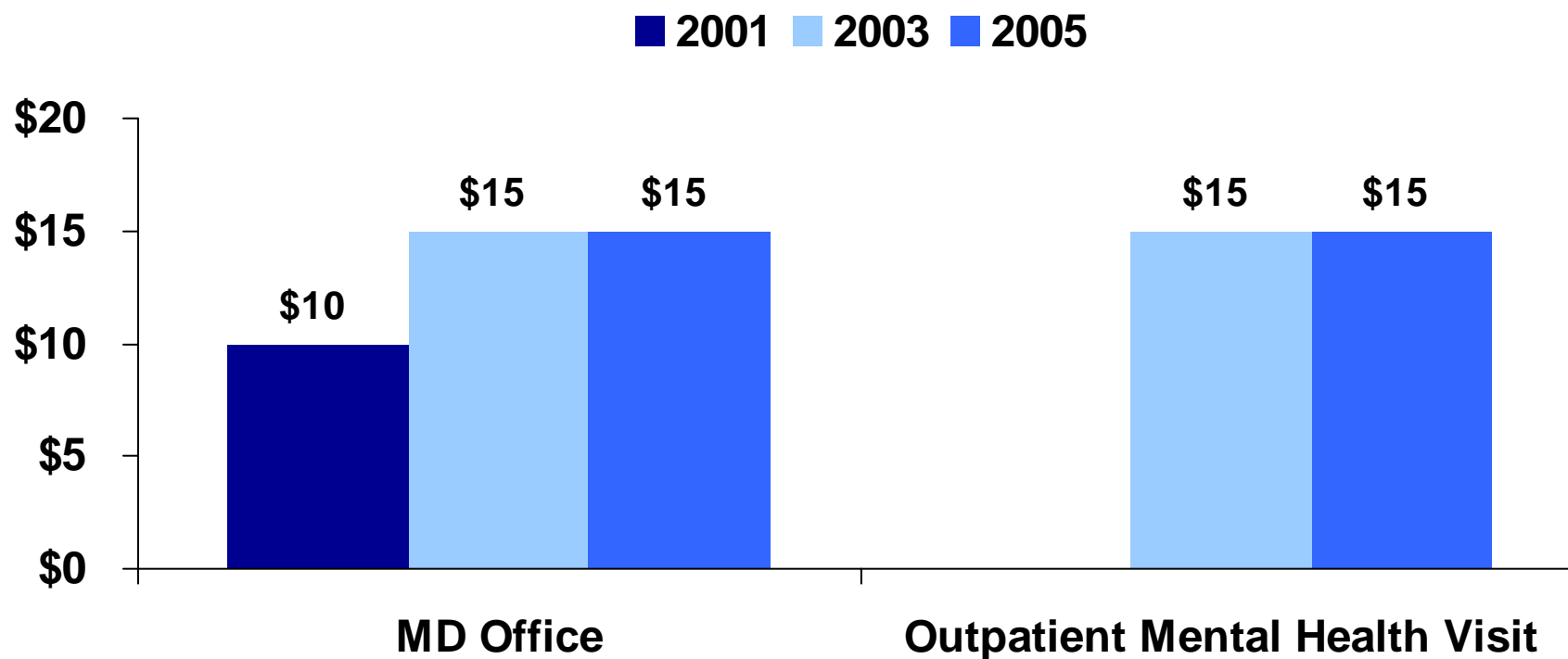
Employers Who Receive Annual Health Care Utilization Data From Their Insurer (2005)



Employers Whose Insurer Told Them the Basis For Their Premium Increase (2005)

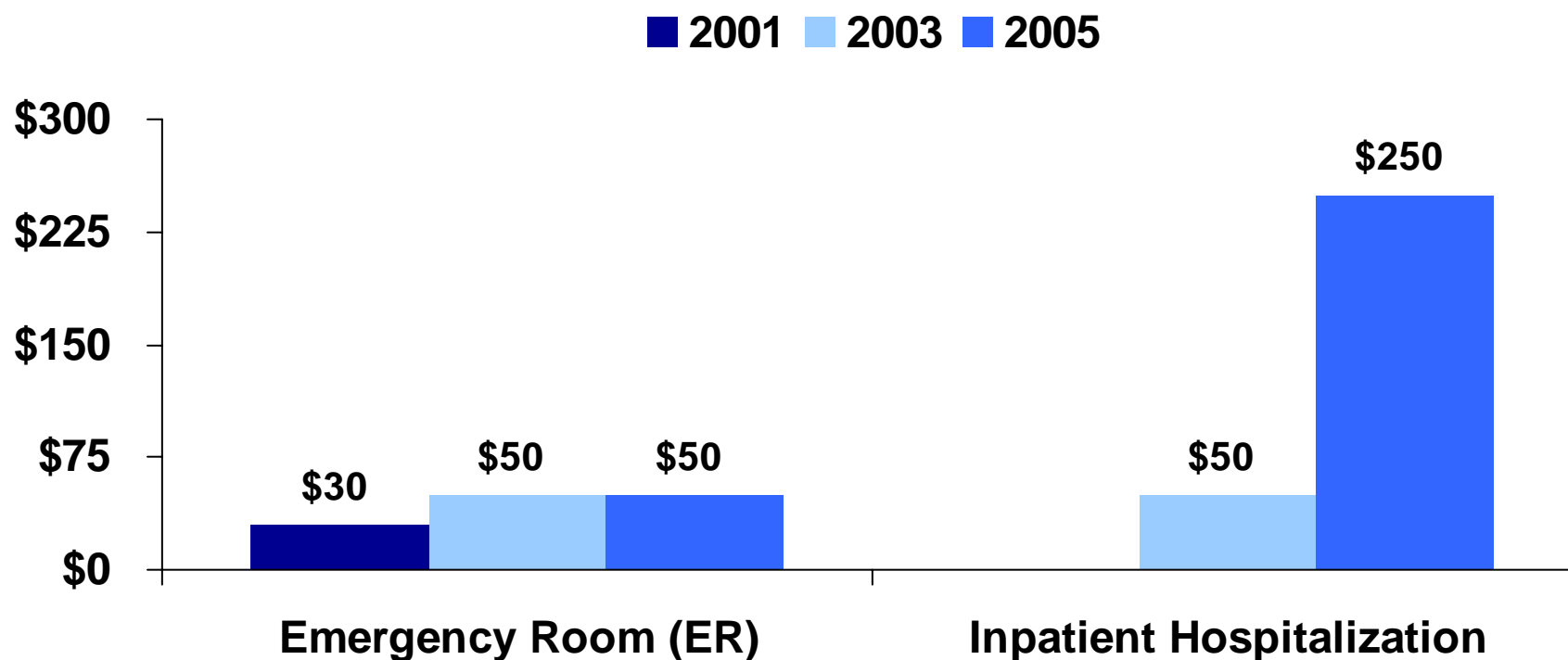


Median Copayment, by Service Type (2001, 2003, 2005)



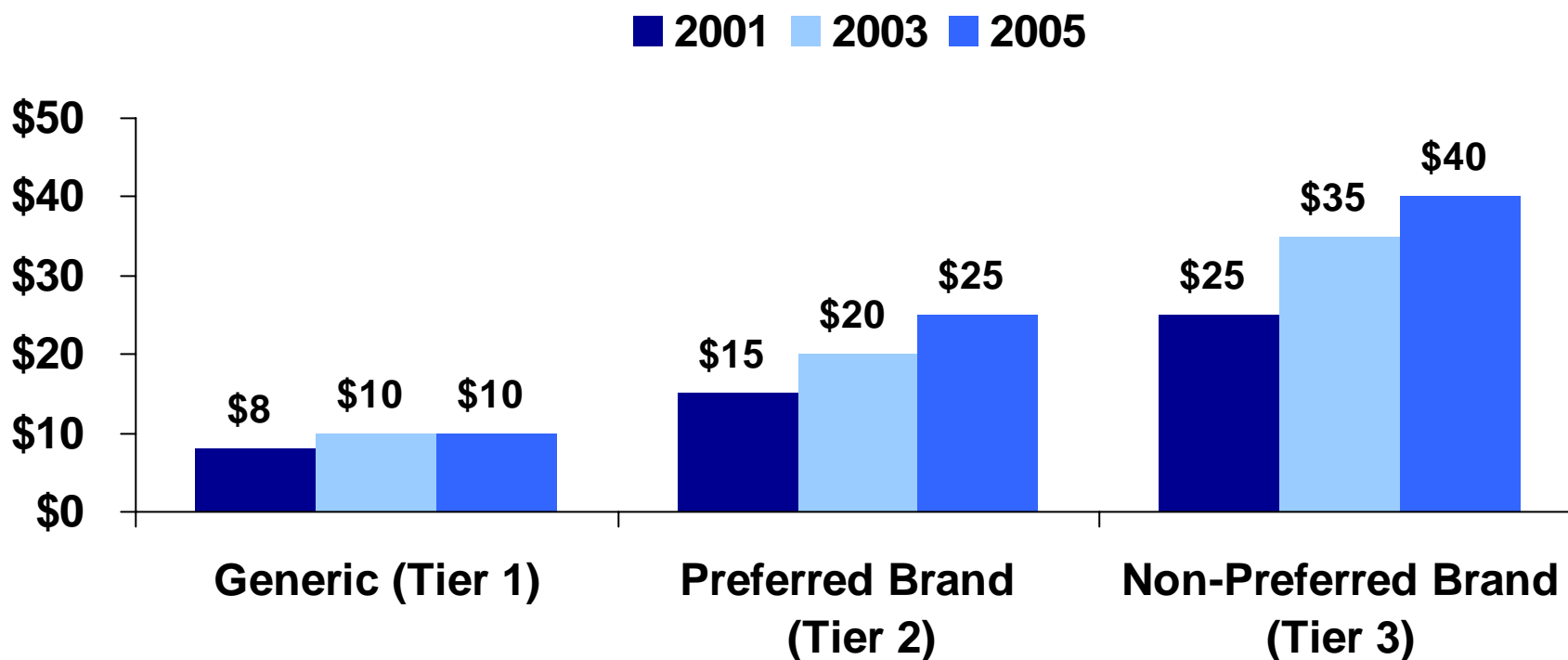
- Outpatient mental health visit copayment was not asked for in 2001.

Median Copayment / Deductible, by Service Type (2001, 2003, 2005)

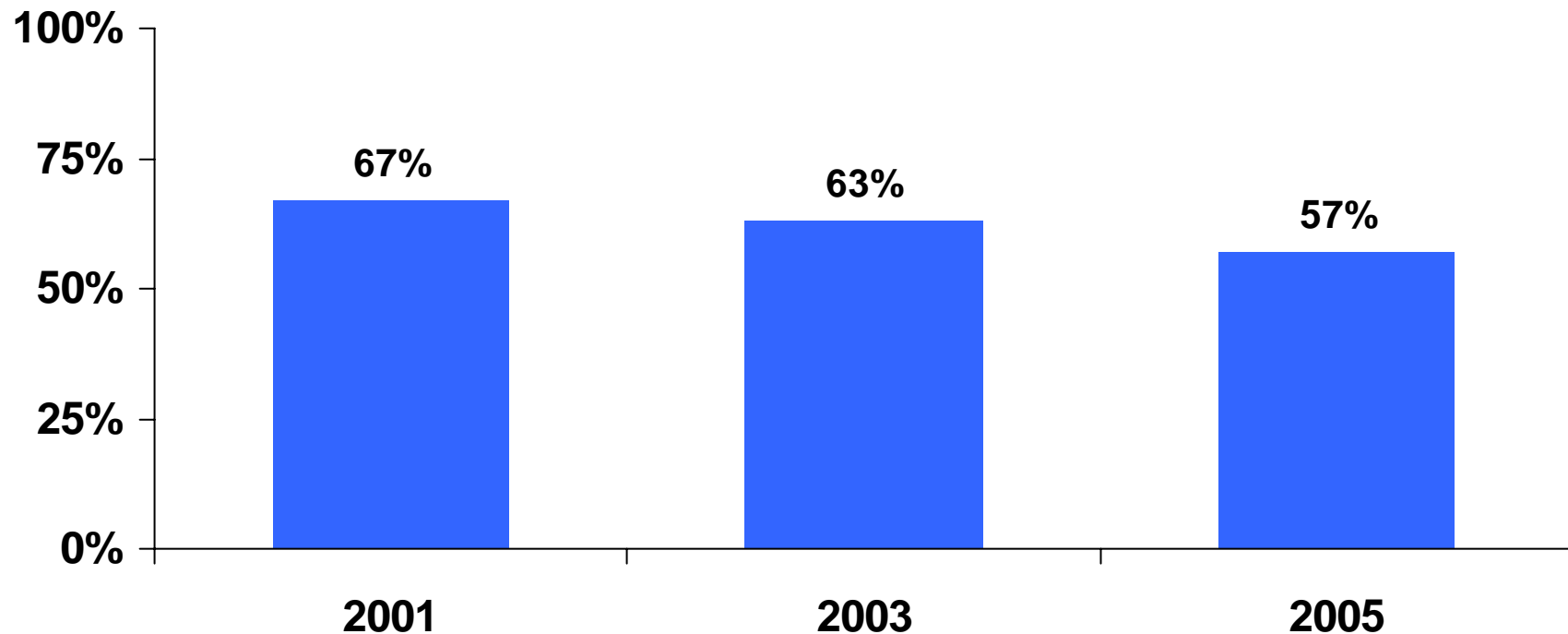


- Inpatient hospitalization deductible was not asked for in 2001.

Median Copayment for Prescriptions (2001, 2003, 2005)

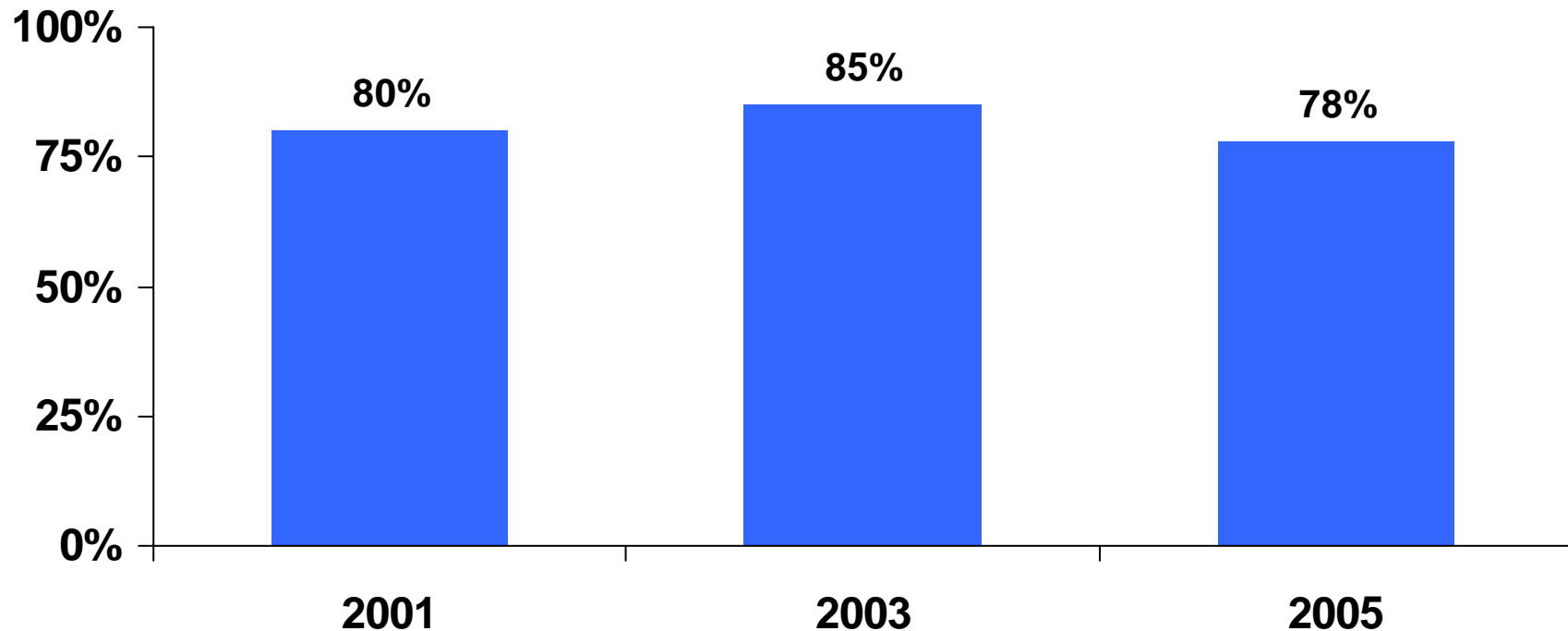


Employees Who Enroll in Employer-sponsored Health Insurance Plans (2001, 2003, 2005)



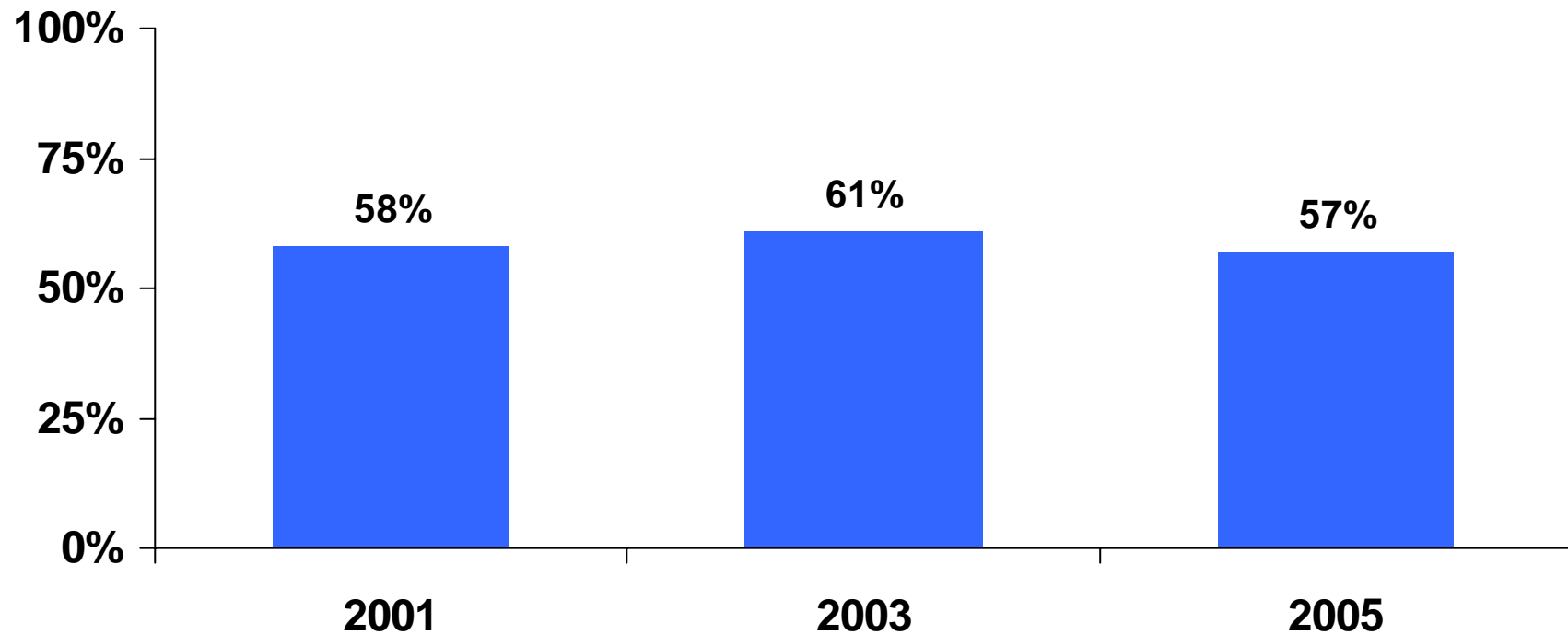
- The median percent of employees who enroll in health insurance measures the number of employees who accept offered insurance compared to all employees at that firm, even those not offered employer-sponsored insurance.

Eligible Employees Who Enroll in Employer's Health Insurance Plan (2001, 2003, 2005)

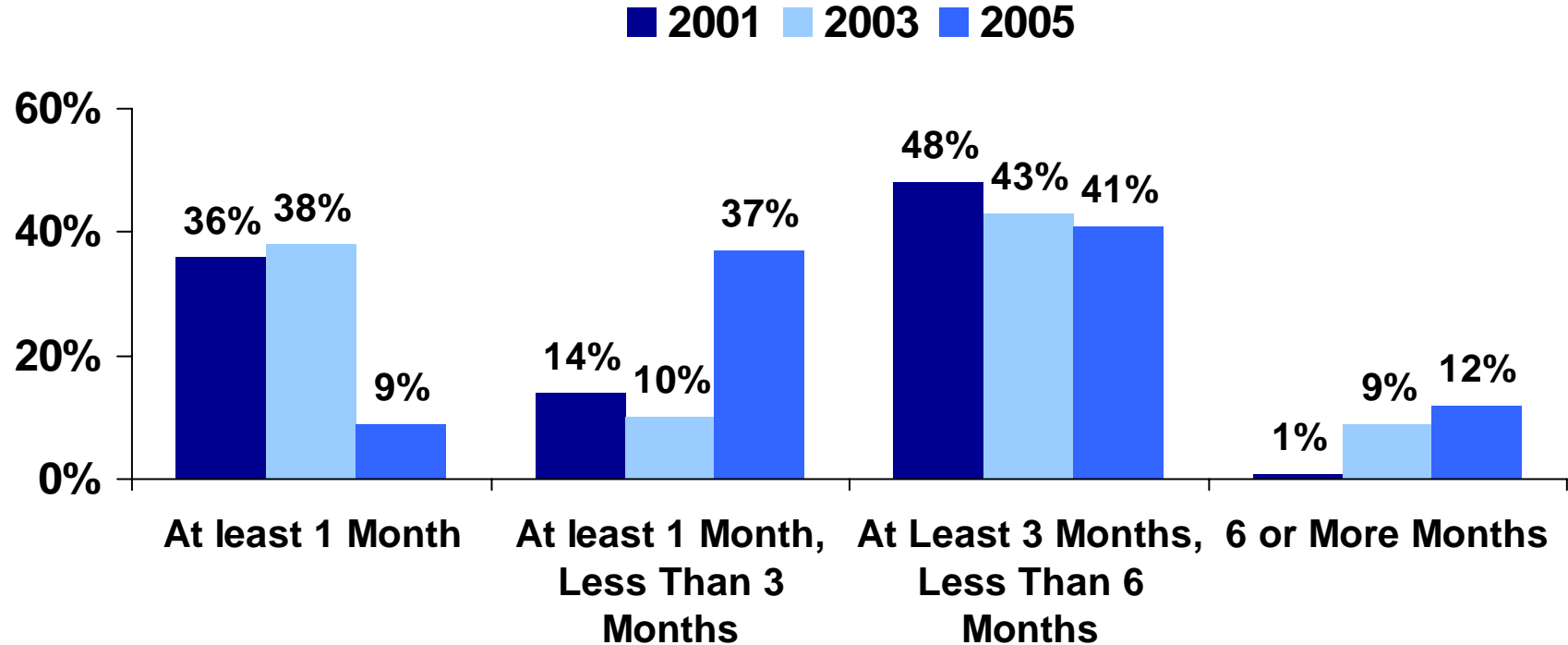


- Employers often offer health insurance to some, but not all, of their employees. Hours worked per week (i.e., full-time vs. part-time status) is one of the most common factors that employers consider when deciding which employees have access to employer-sponsored health insurance. The above numbers reflect the median percent of *eligible* employees who enroll.

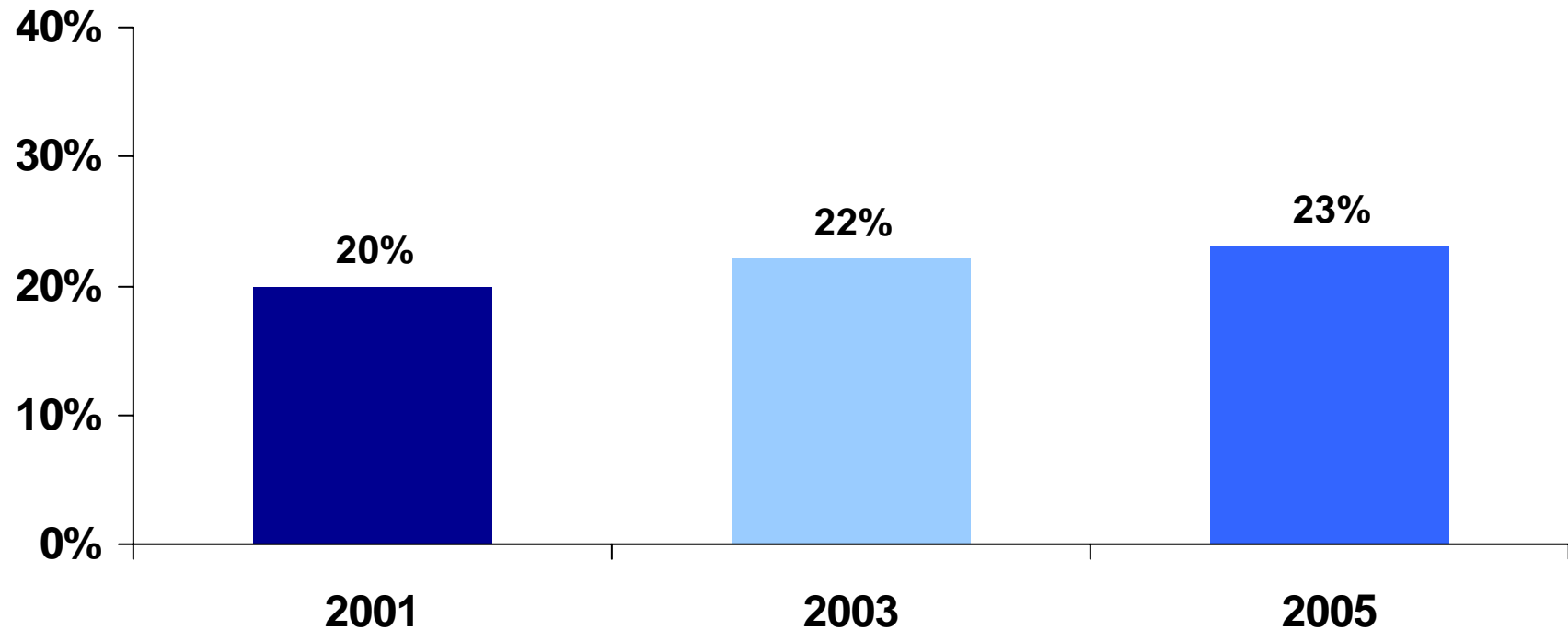
Employers That Impose A Waiting Period Before Employees Can Enroll in Health Insurance Plan (2001, 2003, 2005)



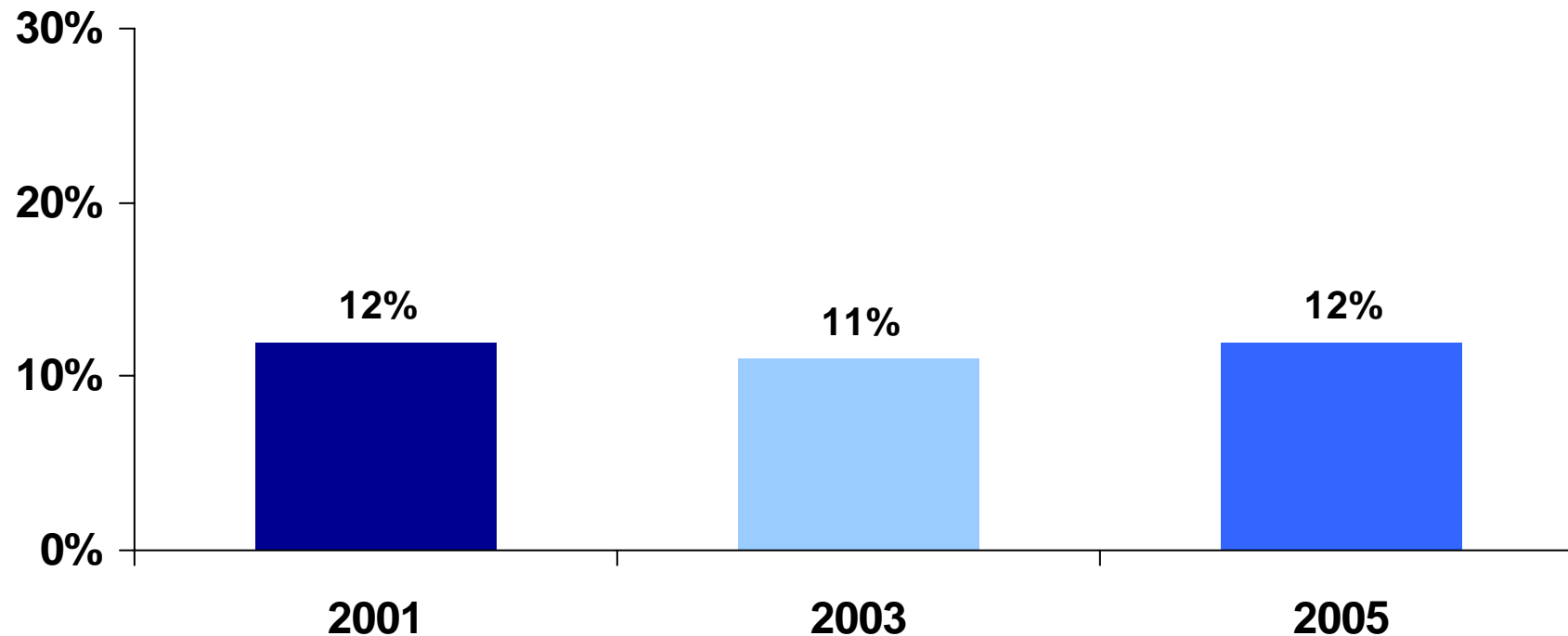
Trend in Duration of Waiting Period (2001, 2003, 2005)



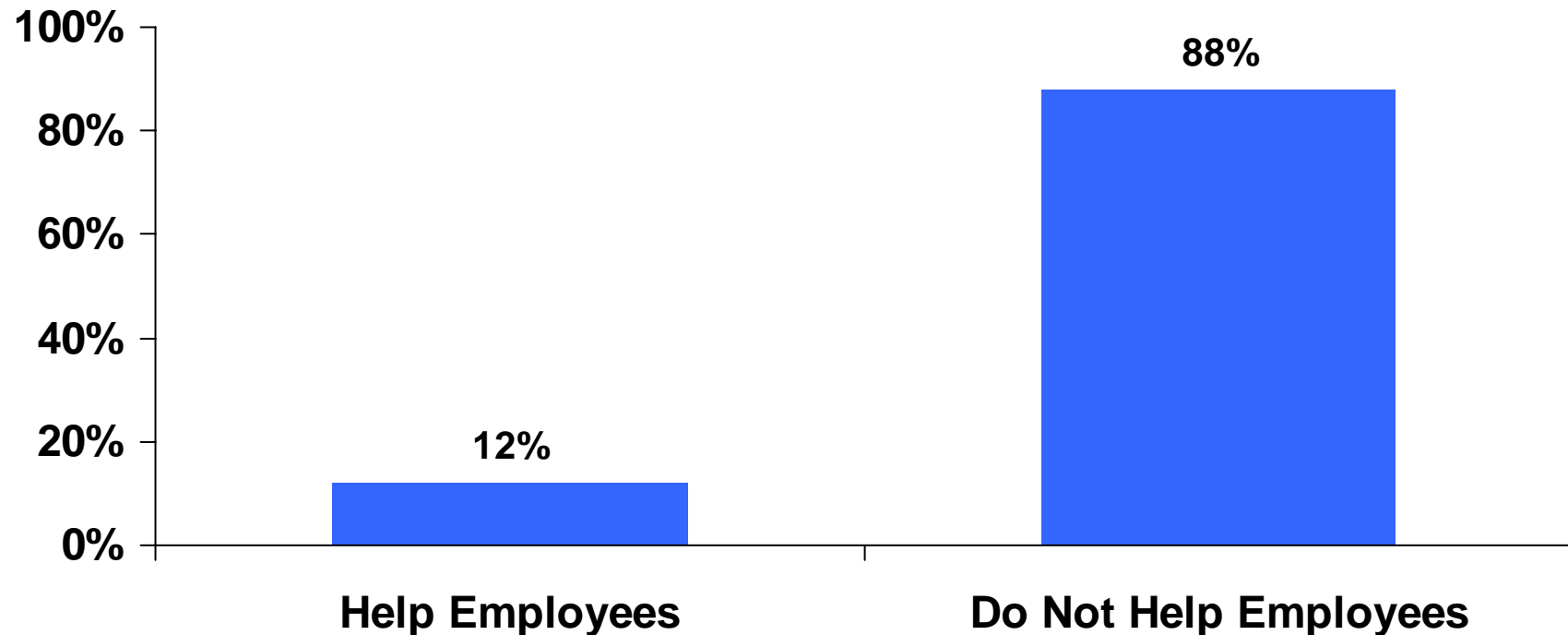
Employers That Ask for Proof of Health Insurance if an Employee Turns Down Insurance (2001, 2003, 2005)



Employers That Offer Compensation to Employees Who Turn Down Health Insurance (2001, 2003, 2005)



Employers That Help Employees Not Eligible for Health Insurance Apply to MassHealth (2005)

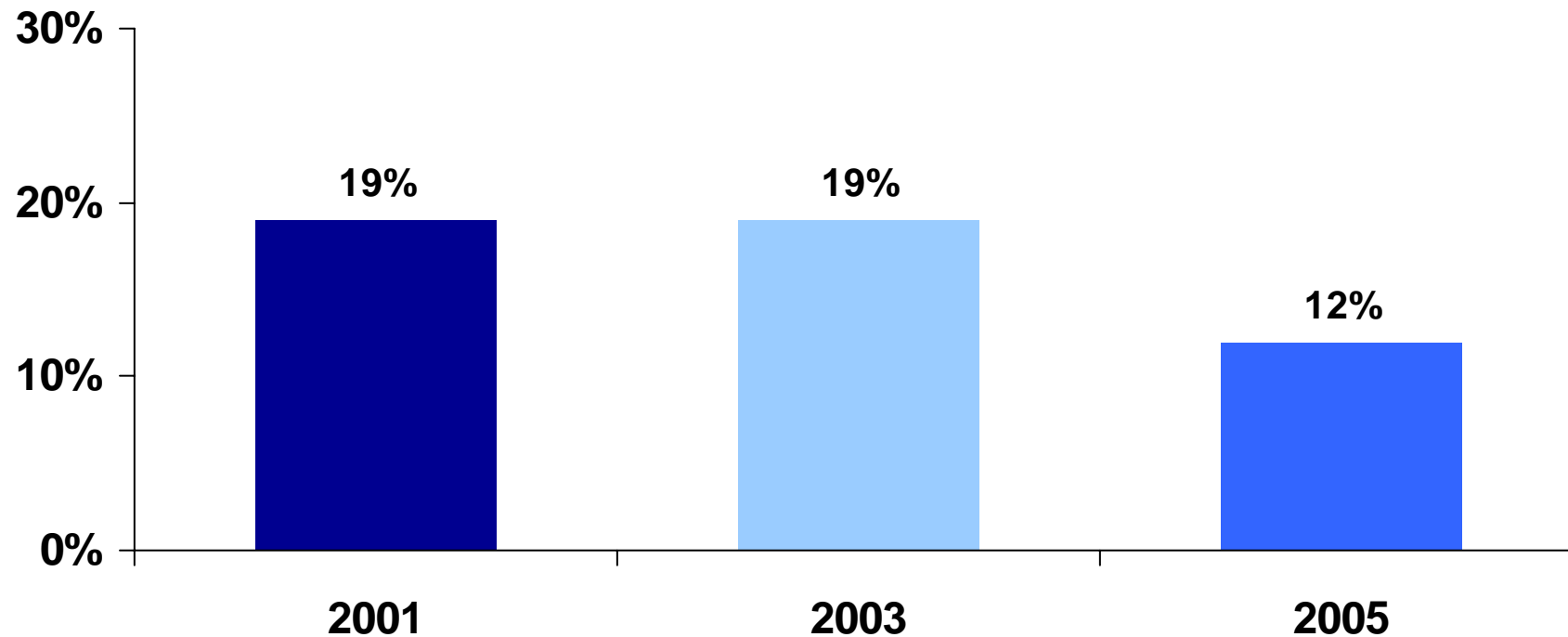


Employers Who Changed or Will Change Aspects of Health Insurance Plan (2003, 2005)

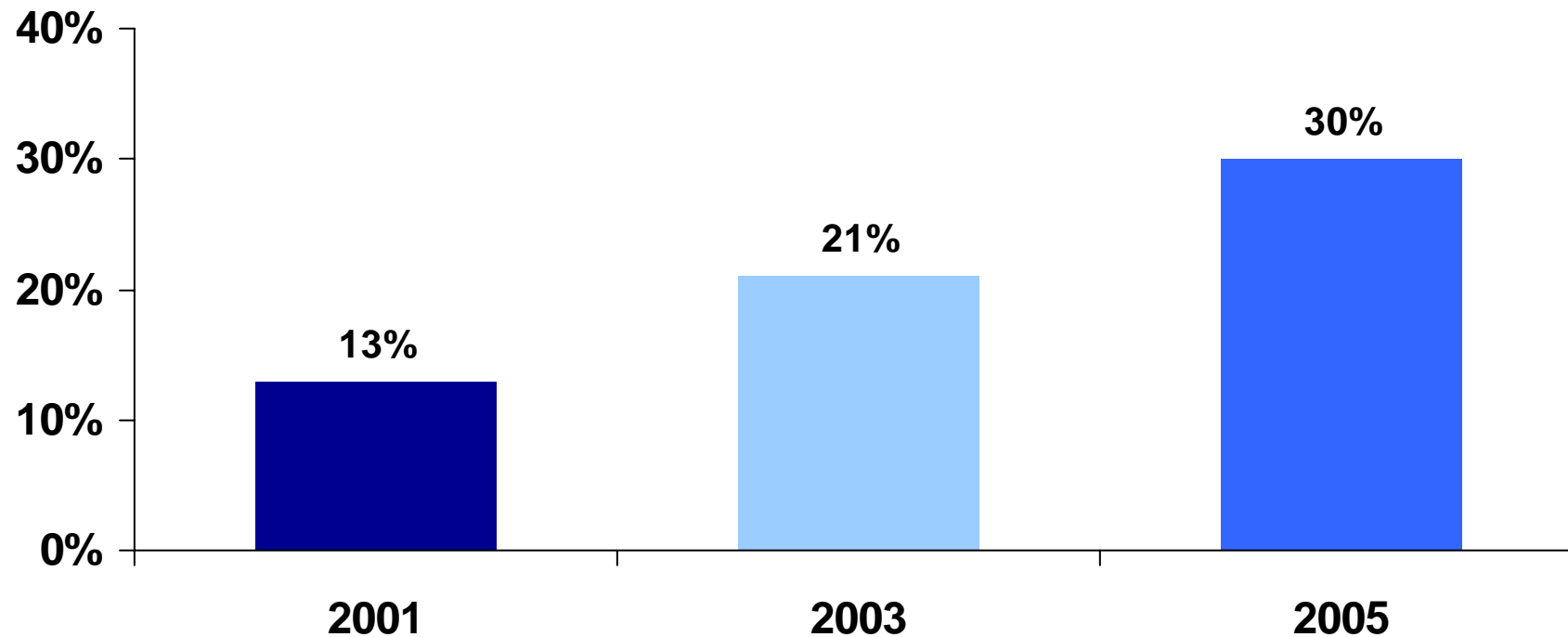
| Select Changes Made / Will Make | 2003 | 2005 |
|--|------|------|
| Change insurers | 51% | 25% |
| Offer fewer health plans | - | 6% |
| Eliminate health insurance as a benefit | 11% | 3% |
| Change employer contribution | - | 33% |
| Change eligibility rules | 12% | 7% |
| Offer employees fixed dollar amount to purchase themselves | 9% | 5% |
| Impose surcharge for spousal coverage | - | 5% |
| Change deductibles / copayments | 71% | - |
| Other | 15% | 18% |

- The above numbers reflect the median percent of employers who either changed their health plans in the past year or plan on changing their health plans in the upcoming year.

Employers That Currently Do Not Offer Health Insurance, but Did in the Past (2001, 2003, 2005)



Employers That Stopped Offering Health Insurance Less Than One Year Ago (2001, 2003, 2005)



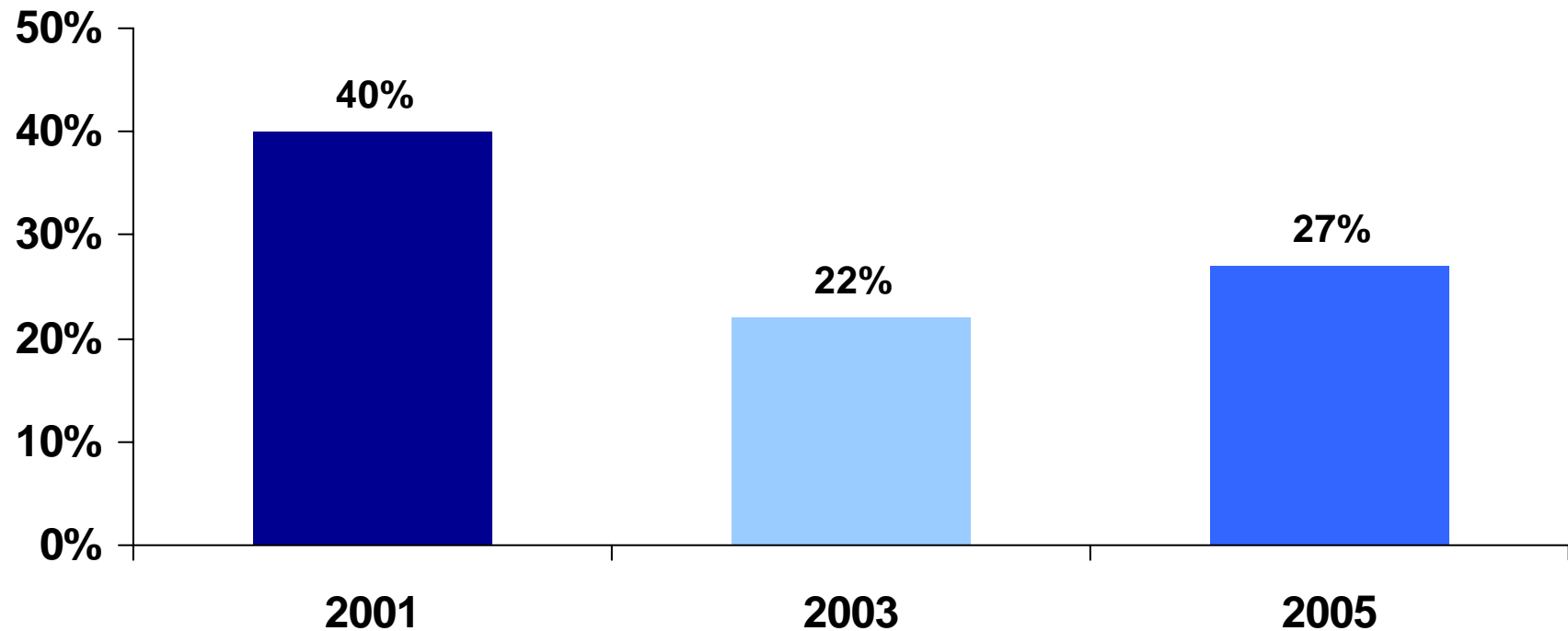
Employers That Cite Select Reasons for Not Offering Health Insurance (2001, 2003, 2005)

| Reason | 2001 | 2003 | 2005 |
|---|------|------|------|
| Premiums too high | 81% | 94% | 85% |
| Turnover too great | 37% | 41% | 39% |
| Employees generally covered elsewhere | 79% | 85% | 88% |
| Administrative hassle | 25% | 39% | 30% |
| Most employees are part-time / temporary / contracted employees | 55% | 58% | 56% |
| Can attract good employees without offering | 40% | 44% | 51% |
| Organization too newly established | 23% | 21% | 16% |
| Financial status prohibits offering insurance | 57% | 82% | 72% |
| Past negative experience with offering insurance | 12% | 10% | 6% |
| Employees prefer higher pay | - | - | 40% |

Employers That Do Not Offer Health Insurance, but Help Employees in Select Other Ways (2005)

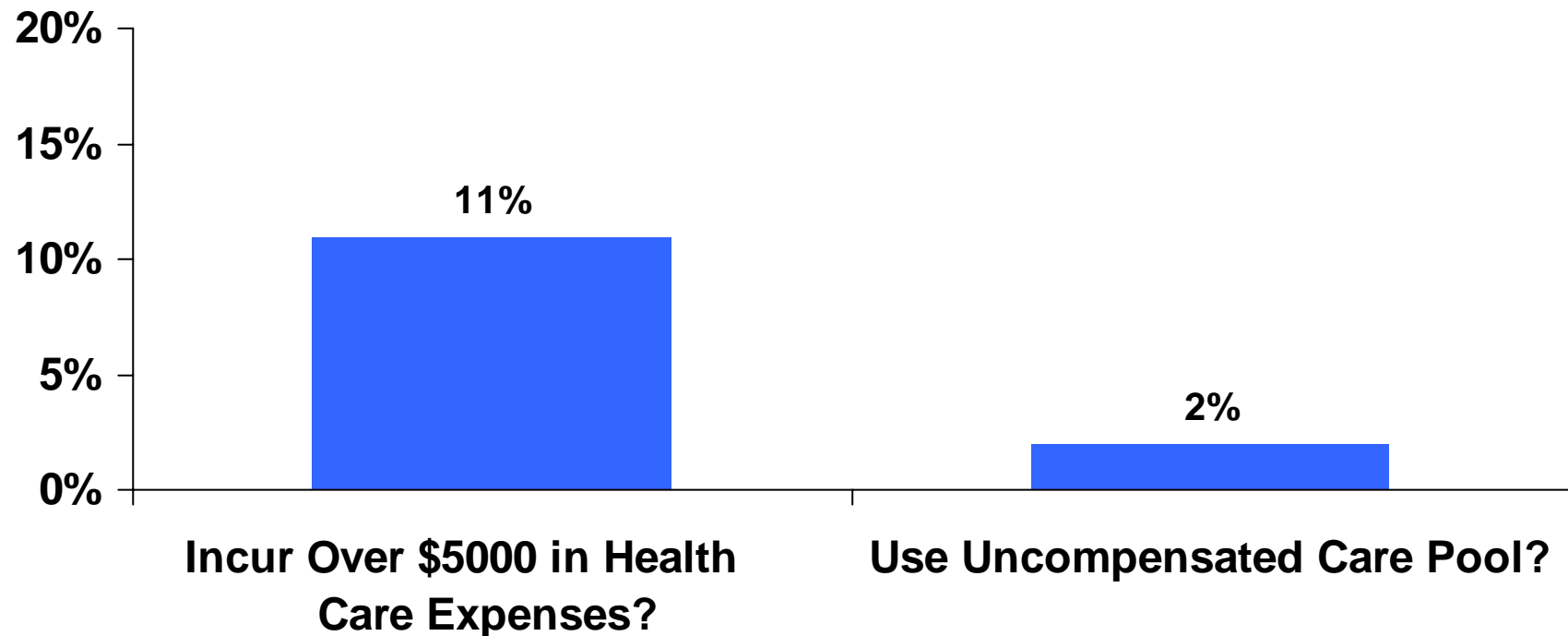
| Ways of Helping Employees | 2005 |
|---|-------------|
| Contribute to premiums from another source | 5% |
| Contribute to incurred medical bills | 8% |
| Assist with MassHealth applications | 2% |
| Some other way | 13% |

Employers That Are Likely To Offer Health Insurance in the Next Two Years (2001, 2003, 2005)



- Combines the percentage of employers that are “very likely” or “somewhat likely” to offer health insurance.

Last Year, Did Any Uninsured Employee...? (2005)



- Figures are for employees of employers who do not offer health insurance and are not insured by any other source.

Employers Who Do Not Offer Health Insurance: Ways to Motivate Them To Offer (2001, 2003, 2005)

| Ways to Motivate | 2001 | 2003 | 2005 |
|--|------|------|------|
| Lower premium rates | 69% | - | - |
| Lower premium rates: plan with only basic hospital coverage | - | 54% | - |
| Lower premium rates: plan with limited networks and high copayments | - | - | 50% |
| Eliminate required minimum participation | 57% | 60% | 64% |
| Government subsidy for low-income employees | 55% | 67% | 60% |
| Tax credits | 63% | 82% | 74% |
| Fee requirement | - | 28% | 31% |
| Legal mandate | - | - | 44% |

Employers Who Do Not Offer Health Insurance: Acceptable Ways to Limit Insurance Costs (2005)

| Acceptable Ways to Limit Costs | 2005 |
|--|-------------|
| Limit benefits | 75% |
| Limit provider network | 75% |
| Impose high copayments | 62% |
| Impose high copayments for high-wage earners, low copayments for low-wage earners | 70% |
| Impose high deductible | 49% |
| Impose high deductible for high-wage earners, low deductible for low-wage earners | 58% |

Notes

1. Some values from 2001 and 2003 have been changed since the last posting due to technical recalculations.
2. Sources for Slide #2 (Source of Health Insurance Coverage of Massachusetts Residents, 2004):
 - DHCFP Household Survey of Health Insurance Status, 2004
 - Snapshot on 12/31/04 of Massachusetts Medicaid Enrollment
 - Centers for Medicaid and Medicare Services, Medicare Enrollment, 2003